

FAYETTE COUNTY LEGISLATIVE BODY

November 27, 2001

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BE IT REMEMBERED That the Fayette County Legislative Body met in regular session at the Courthouse in Somerville, Tennessee, on the 27th day of November, 2001.

Present and presiding the Honorable Jim Voss. Also present, Dell T. Graham, County Clerk, and the following County Commissioners: John W. Arnett, Floyd Bonner, Charles Dudley 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.

With all members being present, the following proceedings were had and entered of record, to-wit:

Motion was made by Commissioner Kelley, seconded by Commissioner Morris to approve the minutes of the October 2001 meeting. Commissioner Taylor asked that a correction be made on the "roll call" vote under the last item on the minutes where vote was taken on the redistricting of the Fayette County Board of Education. Under the "NO" vote, the change should be made from "Taylor" to "Thomas". With this correction, said minutes were approved.

The next item on the Agenda was for a public hearing on Density Policy. With no one coming forward to be heard, no public hearing was held.

Motion was made by Commissioner Graves, seconded by Commissioner Burnette and unanimously carried by the Board appointing the following as **Notaries Public**: Alma E. Day, Jeanne C. DeLong, Gloria A. Kelley, Ida Mae Patrick, Vicki Price, Frances L. Pulliam, Joyce D. Pulliam, Gary S. Robertson and Annie Woods.

Chairman Voss reported for the Mayor's Office and advised the Commissioners that since payroll checks had already been written for the month of November, their payment for attending this meeting would be included in next months check.

Reports were called for from the Board of Education and the Board of Public Works, but none presented.

Commissioner Morris, Chairman of the County Development Committee, advised that his committee had met and agreed to consider a proposed amendment to the Zoning Ordinance after it was reviewed by the County Attorney.

Motion was then made by Commissioner Wilson, seconded by Commissioner Harris and unanimously carried by the Board calling for a recess to allow time for the County Attorney to discuss this matter with this Board.

Meeting Called Back to Order:

Now before the Board was the Proposed Zoning Amendment. Motion was made by Commissioner Morris, seconded by Commissioner Wilson, and unanimously carried by the Board to table parts 1 and 2 of this proposal.

At this time Chairman Voss acknowledged Sherri Osteen of the Fayette County Review who wished to make a statement before the Board.

Ms. Osteen stated that as a representative of the press, she felt that the Sunshine Law very clearly stated that one be allowed to have client-attorney meetings, without anyone from the public present, to discuss pending litigation. She did not feel that the road plan arbitration was or would be considered pending litigation in a court of law. Nor had papers been filed. She felt it was a civil matter. She didn't believe there was any justification whatsoever for recessing to discuss density with the County Attorney regarding growth.

Chairman Voss responded by stating that he had been advised by the Governor that he could meet with the County Attorney and Commissioners without being involved in a lawsuit.

Commissioner Morris then presented a proposed amendment to Fayette County Zoning regarding WCF, wireless communication facility. After discussion, motion was made by Commissioner Taylor, seconded by Commissioner Morris and unanimously carried by the Board that this matter go back to the Planning Commission and presented to this Board with their recommendation.

Discussion followed on what part the Board of Zoning Appeals would have with such matters as this.

Chairman Voss then appointed the Budget Committee to review the recommendation of the Planning Commission before the WCF matter came back before this Board.

Reports from the Criminal Justice and Public Safety Committee and the Health & Welfare Committee were called for, but none presented.

Commissioner Harris, Chairman of the Budget Committee, presented the recommendation of that committee to amend the Solid Waste/Sanitation Fund Budget and made motion for same. Motion was seconded by Commissioner Kelley and unanimously carried by the Board. Same being as follows:

RESOLUTION

BE IT RESOLVED, by the County Legislative Body and/or the Board of County Commissioners of Fayette County, Tennessee, in regular session on this 27th day of November, 2001, it being the fourth Tuesday of the month and the regular monthly meeting of the County Legislative Body in the Courthouse in Somerville, Tennessee.

That the Solid Waste/Sanitation Fund #116 Budget Amendment be amended in the following words and figures, to-wit:

**SOLID WASTE/SANITATION FUND
BUDGET AMENDMENT
F/Y 01/02
November, 2001**

<u>Adjustment to Expenditure Accounts:</u>	INCREASE	DECREASE
<u>55754 Landfill Operation & Maintenance</u>		
602 Principal on Notes	\$178,221.00	
Subtotal-55754	\$178,221.00	
TOTAL INCREASE/DECREASE TO EXPENDITURE ACCOUNT	\$178,221.00	

Prior Estimated Expenditures	\$ 812,378.00
Total Estimated Expenditures This Amendment	\$ 990,599.00
Projected Fund Balance before Amendment	\$ 599,504.00
Change in Fund Balance This Amendment	\$ 178,221.00
Estimated Ending Fund Balance as of June 30 th , 2001	\$ 421,283.00

With the approval of the Budget Committee, motion was made by Commissioner Harris, seconded by Commissioner Graves and unanimously carried by the Board adopting the following RESOLUTION authorizing the reissuance of School Bonds:

A RESOLUTION AUTHORIZING THE ISSUANCE OF SCHOOL REFUNDING BONDS, SERIES 2001, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED TWELVE MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$12,750,000) 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 TAXES FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS.

WHEREAS, pursuant to authority granted by Sections 49-3-1001, et seq., Tennessee Code Annotated, as amended, Fayette County, Tennessee (the "County") has issued its outstanding School Bonds, Series 2000, dated June 1, 2000 (the "Outstanding Bonds"); and

WHEREAS, the Outstanding Bonds, or a portion thereof, as shall be determined by the County Mayor, in consultation with the Underwriter (as defined herein), can now be refinanced at a lower interest cost, thereby effecting a cost savings to the public; and

WHEREAS, counties in Tennessee are authorized by Section 9-21-101 et seq., Tennessee Code Annotated, as amended, to issue, by resolution, bonds to refund, redeem or make principal and interest payments on their previously issued bonds, notes or other obligations; and

WHEREAS, the Board of County Commissioners of the County (the "Governing Body") has heretofore determined that in order to provide the funds necessary to accomplish said refunding of the Outstanding Bonds, it is necessary to issue bonds of the County; and

WHEREAS, the plan of refunding for the Outstanding Bonds has been submitted to the State Director of Local Finance (the "State Director") as required by Section 9-21-903, Tennessee Code Annotated, as amended, and he has acknowledged receipt thereof to the County and submitted his report thereon to the County; and

WHEREAS, it is the intention of the Governing Body to adopt this resolution for the purpose of authorizing not to exceed \$12,750,000 in aggregate principal amount of said bonds, in book-entry only form, 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, 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 9-21-101, et seq., Tennessee Code Annotated, as amended, 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) "Bond Purchase Agreement" means a Bond Purchase Agreement, dated as of the sale of the Bonds, entered into by and between the County and the Underwriter with respect to the sale of the Bonds;

(b) "Bonds" means not to exceed \$12,750,000 School Refunding Bonds, Series 2001 of the County, to be dated November 1, 2001, or such other date as shall be determined by the County Mayor pursuant to Section 8 hereof;

(c) "Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which physical bond certificates in fully registered form are issued to a Depository, or to its nominee as Registered Owner, with the certificate of bonds being held by and "immobilized" in the custody of such Depository, and under which records maintained by persons, other than the County or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial "book-entry" interests in those bonds;

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder;

(e) "Depository" means any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to, DTC;

(f) "DTC" means the Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns;

(g) "DTC Participant(s)" means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC System;

(h) "Escrow Agent" means the escrow agent appointed by the County Mayor of the County to act as escrow agent pursuant to the Refunding Escrow Agreement, or its successor;

(i) "Governing Body" means the Board of Commissioners of the County;

(j) "County" shall mean Fayette County, Tennessee;

(k) "Outstanding Bonds" means maturities designated by the County Mayor, in consultation with the Underwriter, which achieve cost savings objectives of the County of the County's outstanding School Bonds, Series 2000, dated June 1, 2000, maturing February 1, 2009 and thereafter;

(l) "Refunding Escrow Agreement" shall mean the Refunding Escrow Agreement, dated as of the date of the Bonds, to be entered into by and between the County and the Escrow Agent, in the form of the document attached hereto and incorporated herein by this reference as Exhibit A, subject to such changes therein as shall be permitted by Section 11 hereof;

(m) "Registration Agent" means the registration and paying agent for the Bonds appointed by the County Mayor of the County pursuant to Section 3 hereof, as the registration and paying agent for the Bonds, or any successor designated by the Governing Body; and

(n) "Underwriter" means Cumberland Securities, Division of Morgan Keegan & Company, Inc., Knoxville, Tennessee.

SECTION 3. Findings of the Governing Body. It is hereby found and determined by the Governing Body as follows:

(a) The refunding of the Outstanding Bonds as set forth herein through the issuance of the Bonds will result in the reduction in debt service payable by the County over the term of the Outstanding Bonds thereby effecting a cost savings to the public; and

(b) It is advantageous to the County to deposit proceeds from the sale of the Bonds and other funds of the County, if any, with the Escrow Agent pursuant to the Refunding Escrow Agreement which, together with investment income thereon, will be sufficient to pay principal of, premium, if any, and interest on the Outstanding Bonds.

SECTION 4. Authorization and Terms of the Bonds.

(a) For the purpose of providing funds to refund all or a portion of the Outstanding Bonds and to pay the costs incident to the issuance and sale of the Bonds, as more fully set forth in Section 9 hereof, there are hereby authorized to be issued general obligation refunding bonds of the County in the approximate aggregate principal amount of not to exceed \$12,750,000. The Bonds shall be issued in fully registered, book-entry only form, without coupons, shall be known as "School Refunding Bonds, Series 2001" and shall be dated November 1, 2001, or such other dated date as shall be determined by the County Mayor pursuant to Section 8 hereof. The true interest rate on the Bonds shall not exceed five and one-half percent (5.50%) per annum. Subject to the adjustments permitted pursuant to Section 8 hereof, interest on the Bonds shall be payable semi-annually on February 1 and August 1 in each year, commencing February 1, 2002. The Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof, as shall be requested by the Underwriter, and shall mature, either serially or through mandatory redemption, commencing on February 1, 2002 and continuing on the first day of February and August of each year thereafter through and including February 1, 2020, the final maturity date (subject to the adjustments permitted pursuant to Section 8 hereof) in such amounts as shall be established in the Bond Purchase Agreement by and between the County and the Underwriter.

(b) Subject to the adjustments permitted pursuant to Section 8 hereof, Bonds maturing on or prior to February 1, 20__ shall mature without option of prior redemption and Bonds maturing February 1, 20__ and thereafter, shall be subject to redemption prior to maturity at the option of the County on February 1, 20__ and thereafter, as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Governing Body in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, 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 shall determine.

(v) Pursuant to Section 8 hereof, the County Mayor is authorized to sell the Bonds, or any maturities thereof, as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by the County Mayor. In the event any or all the Bonds are sold as term bonds, the County shall redeem term bonds on redemption dates corresponding to the maturity dates permitted herein, in aggregate principal amounts equal to the maturity amounts established pursuant to Section 8 hereof for each redemption date, as such maturity amounts may be adjusted pursuant to Section 8 hereof, at a price of par plus accrued interest thereon to the date of redemption. The term bonds to be redeemed within a single maturity shall be selected in the manner described in subsection (b) above.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such mandatory redemption date, the County may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, 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.

(d) Notice of call for redemption, whether optional or mandatory, 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. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the County pursuant to written instructions from an authorized representative of the County (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) 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.

(e) The County Mayor is hereby authorized to appoint the Registration Agent, 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 or upon transfer, 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 and 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.

(f) The Bonds shall be payable, both principal and interest, in lawful money of the United States of America at the main office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds by check or draft 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 depositing said payment in the United States mail, postage prepaid, addressed 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. All rates of interest specified

herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. In the event the Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

(g) Any interest on any Bond that 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 hereof, 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.

(h) 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 the Bond 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 publication of notice calling such Bond for redemption has been made, 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. The Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in any authorized denomination or denominations.

(i) The Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the County with the manual or facsimile signature of the County Mayor and with the official seal, or a facsimile thereof, of the County impressed or imprinted thereon and attested by the manual or facsimile signature of the County Clerk.

(j) Except as otherwise provided in this resolution, the Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. References in this Section to a Bond or the Bonds shall be construed to mean the Bond or the Bonds that are held under the Book-Entry System. One Bond for each maturity shall be issued to DTC and immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded

through the records of the DTC Participant from which such Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE REGISTRATION AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co. as provided in the Letter of Representation relating to the Bonds from the County and the Registration Agent to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The County and the Registration Agent shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the County determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, the County shall discontinue the Book-Entry System with DTC. If the County fails to identify another qualified securities depository to replace DTC, the County shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner.

THE COUNTY AND THE REGISTRATION AGENT SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS, (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

(k) The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the owners of the Bonds, provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.

(l) The Registration Agent is hereby authorized to authenticate and deliver the Bonds to the original purchaser, 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.

(m) 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 in 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 5. Source of Payment. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of 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.

SECTION 6. 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 Bond)

REGISTERED
Number _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF FAYETTE
SCHOOL REFUNDING BOND, SERIES 2001

Interest Rate: Maturity Date: Date of Bond: CUSIP No.:

November 1, 2001

Registered Owner: CEDE & CO.

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, 2002, 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 _____, 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.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution, pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the County and the Registration Agent shall treat Cede & Co., as the only owner of the Bonds for all purposes under the Resolution, including receipt of all principal and maturity amounts of, premium, if any, and interest on the

Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal, maturity amounts, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the County nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the County determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect its interests or the interests of the Beneficial Owners of the Bonds, the County may discontinue the book-entry system with DTC. If the County fails to identify another qualified securities depository to replace DTC, the County shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. Neither the County nor the Registration Agent shall have any responsibility or obligations to any DTC Participant or any Beneficial Owner with respect to (i) the Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners, (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

Bonds of the issue of which this Bond is one maturing February 1, 20__ through February 1, 20__, inclusive, shall mature without option of prior redemption, and Bonds maturing February 1, 20__ and thereafter shall be subject to redemption prior to maturity at the option of the County on February 1, 20__ and thereafter, as a whole or in part, at any time, at the redemption price of par, plus interest accrued to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Board of Commissioners of the County, in its discretion. If less than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) If the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, 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 shall determine.

[Subject to the credit hereinafter provided, the County shall redeem Bonds maturing _____ on the redemption dates set forth below opposite the maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as securities depository for the series of Bonds of which this Bond is one, or such Person as shall then be serving as the securities depository for the Bonds, shall determine the interest of each Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

Final Maturity	Redemption Date	Principal Amount of Bonds Redeemed
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***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 to be redeemed, 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[, 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. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. 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 in the Resolution, as hereafter defined.

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 \$12,750,000 and issued by the County for the purpose of providing funds to refund the County's outstanding School Bonds, Series 2000, dated June 1, 2000, maturing February 1, 2009 and thereafter, inclusive, and to pay costs of issuance of the Bonds, under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101, et seq., Tennessee Code Annotated, and pursuant to a resolution duly adopted by the Board of County Commissioners of the County on the ____ day of _____, 2001 (the "Resolution").

This Bond is payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of 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. 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.

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 manual or facsimile signature and attested by its County Clerk with his manual or facsimile signature under an impression or facsimile of the corporate seal of the County, all as of the date hereinabove set forth.

FAYETTE COUNTY, TENNESSEE

By: _____
County Mayor

(SEAL)

ATTESTED:

County Clerk

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

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 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 _____, attorney, 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 7. Levy of Tax. The County, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the corporate limits of 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 of, 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 any appropriations from other funds, taxes and revenues of the County to the payment of debt service on the Bonds.

SECTION 8. Sale of Bonds.

(a) The Bonds shall be sold in one or more emissions as required by law at negotiated sale at a price of not less than ninety-eight percent (98%) of par, exclusive of original issue discount, plus accrued interest, as shall be determined by the County Mayor in consultation with the Underwriter. The County Mayor is authorized to sell the Bonds at a negotiated sale to the Underwriter. The true interest rate of the Bonds shall not exceed five and one-half and percent (5.50%) per annum. The sale of the Bonds by the County Mayor shall be binding on the County, and no further action of the Governing Body with respect thereto shall be required.

(b) To facilitate the sale of the Bonds in a manner that is in the best interest of the County and results in the greatest cost savings for the County, the County Mayor, in consultation with the Underwriter, is authorized to designate the maturities of the Outstanding Bonds to be refunded so long as it will maximize the cost savings objectives of the County, to provide that some or all of the Bonds shall be redeemable prior to maturity at the option of the County, provided the redemption premium on any of the Bonds to be redeemed does not exceed two percent (2%) of the par amount to be redeemed; to sell any or all of the Bonds as term bonds with annual mandatory redemption requirements, to change the dated date of the Bonds to a date other than November 1, 2001, to change the series designation of the Bonds, to adjust principal and interest payment dates of the Bonds so long as the first maturity date is not later than April 1, 2006 and the final maturity date is not later than April 1, 2021, and to decrease the total amount authorized to be issued herein so long as the total amount of the Bonds does not exceed \$12,750,000 all such adjustments shall maximize the cost savings objectives of refunding of the Outstanding Bonds.

(c) The County Mayor shall cause, if advantageous to the County, all or a portion of the Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company.

(d) The County Mayor is hereby authorized to execute and the County Clerk is authorized to attest a Bond Purchase Agreement with the Underwriter, providing for the purchase and sale of the Bonds.

(e) The County Mayor is authorized to sell the Bonds simultaneously with or as a single issue of bonds together with other bonds authorized by resolution(s) of the Governing Body, provided the terms of said bonds are similar with the terms of the Bonds authorized herein. In connection with such sale, the County is authorized to make such other adjustments permitted herein.

(f) The County Mayor and the 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/or to the Underwriter 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.

SECTION 9. Disposition of Bond Proceeds. The proceeds of the sale of the Bonds shall be applied by the County as follows:

(a) 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; and

(b) an amount, which together with investment earnings thereon and legally available funds of the County, if any, will be sufficient to pay principal of, premium, if any, and interest on the Outstanding Bonds (subject to adjustments permitted by Section 8 above) shall be transferred to the Escrow Agent under the Refunding Escrow Agreement to be deposited to the Escrow Fund established thereunder to be held and applied as provided therein; and

(c) the remainder of the proceeds of the sale of the Bonds shall be paid used to pay the costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, bond insurance premium, if any, administrative and clerical costs, rating agency fees, Registration Agent fees, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds.

SECTION 10. Official Statement. The County Mayor and the County Clerk, or either of them, working with the Underwriter, are hereby authorized and directed to provide for the preparation and distribution, electronic or otherwise, of a Preliminary Official Statement describing the Bonds and any other bonds or notes which in the discretion of the County Mayor are sold at the same time as the Bonds.

After the Bonds have been sold, the County Mayor and the County Clerk, working with the Underwriter, 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 the County Clerk, or either of them, shall arrange for the delivery of a reasonable number of copies of the Official Statement within seven business days after the Bonds have been sold to the Underwriter, to each potential investor requesting a copy of the Official Statement and to each person to whom the Underwriter and members of its selling group initially sell the Bonds.

The County Mayor and the County Clerk, or either of them, are 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 11. Refunding Escrow Agreement. For the purpose of providing for the payment of the principal of, premium, if any, and interest on the Outstanding Bonds, the County Mayor is hereby authorized and directed to execute and the County Clerk to attest on behalf of the County the Refunding Escrow Agreement with the Escrow Agent and to deposit with the Escrow Agent the amounts to be used by the Escrow Agent to purchase Government Securities as provided therein; provided, however, that the yield on such investments shall be determined in such manner that none of the Bonds will be an "arbitrage bond" within the meaning of Section 148(a) of the Code. The form of the Refunding Escrow Agreement presented to this meeting and attached hereto as Exhibit A is hereby in all respects approved and the County Mayor and the County Clerk are hereby authorized and directed to execute and deliver same on behalf of the County in substantially the form thereof presented to this meeting, or with such changes as may be approved by the County Mayor, working in consultation with the Underwriter, and the County Clerk, their execution thereof to constitute conclusive evidence of their approval of all such changes, including modifications to the Refunding Escrow Agreement. The Escrow Agent is hereby authorized and directed to hold and administer all funds deposited in trust for the payment when due of principal of and interest on the Outstanding Bonds and to exercise such duties as set forth in the Refunding Escrow Agreement.

SECTION 12. Notice of Refunding. Prior to the issuance of the Bonds, notice of the County's intention to refund the Outstanding Bonds, to the extent required by applicable law, shall be given by the registration agent for the Outstanding Bonds to be mailed by first-class mail, postage prepaid, to the registered holders thereof, as of the date of the notice, as shown on the bond registration records maintained by such registration agent of said Outstanding Bonds. Such notice shall be in substantially the form provided in Exhibit B attached hereto and by this reference made a part hereof. The County Mayor and the County Clerk, or either of them, are hereby authorized and directed to authorize the registration agent of said Outstanding Bonds to give such notice on behalf of the County in accordance with this Section.

SECTION 13. 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 the 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 14. 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 Defeasance 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 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 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 Defeasance Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance 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 Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal 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, Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee law for the purposes described in this Section, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

SECTION 15. Continuing Disclosure. The County 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 the Bonds. 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 of 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 their undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

SECTION 16. 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 17. 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 18. Repeal of Conflicting Resolutions. 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.

SECTION 19. Effective Date. That this resolution shall take effect from and after its passage, the general welfare of the County, requiring it.

As approved by the Reapportionment Committee, Commissioner Harris presented and moved for the adoption of the following **RESOLUTION TO ADOPT A PLAN OF REAPPORTIONMENT DISTRICTING FOR THE FAYETTE COUNTY BOARD OF EDUCATION**. Motion was seconded by Commissioner Kelley and unanimously carried by the Board. Same being as follows:

RESOLUTION

TO ADOPT A PLAN OF REAPPORTIONMENT DISTRICTING FOR THE FAYETTE COUNTY BOARD OF EDUCATION

WHEREAS, Tennessee Code Annotated § 5-1-111 requires that, at least every ten (10) years, county legislative bodies shall change the boundaries of county legislative districts so that members represent substantially equal populations; and

WHEREAS, the Fayette County Legislative Body has changed the county legislative body districts utilizing the 2000 United States Census; and

WHEREAS, Tennessee Code Annotated § 49-2-201 requires that county boards of education be elected from districts of substantially equal population; and

WHEREAS, the Fayette County Legislative Body has reviewed the county school board districts utilizing the 2000 United States Census; and

WHEREAS, the Fayette County Legislative Body has prepared a plan of apportionment which provides for a board of education composed of 9 members and which creates 3 school board districts as described herein and as depicted on the Official Reapportionment Plan Map for Fayette County.

NOW, THEREFORE, BE IT RESOLVED by the Fayette County Legislative Body meeting in regular Session at Somerville, Tennessee, on this 27th day of November, 2001, that:

SECTION 1

There is hereby adopted a plan of reapportionment for Fayette County's Board of Education as described herein, and which is served by 3 school board members in each of the 3

Districts for a total Board of Education of 9 members. The districts for members of the board of education shall be as described below:

District 1

District one is comprised of Voting precincts:

03-06 Braden/Gallaway

03-05 Longtown

03-04 Garnett

02-03 Fayette Corner/Laconia

01-02 Somerville Rural

01-01 Somerville City

District 2

District two is comprised of Voting Precincts:

08-17 Hickory With

01-07 Oakland

05-09 Elba

05-11 Piperton

District 3

District three is comprised of Voting Precincts:

01-08 Warren

06-13 Macon

06-12 Williston

07-16 Parks

05-10 Rossville

07-14 Moscow

07-15 LaGrange

SECTION 2.

a. All members of the Fayette County Board of Education shall reside within and be qualified voters in the district which they represent.

b. The districts described in Section 1 correspond to the 2000 U.S. Census blocks as detailed in Appendix 1 to this Document.

SECTION 3.

If any vacancies occur during the term of the present members of the Fayette County Board of Education, the vacancy shall be filled for the remainder of the term using the reapportionment plan in effect prior to the adoption of this plan. The present members shall serve the remainder of the term for which they were elected.

SECTION 4.

All members of the Fayette County Board of Education shall be elected at large within the school board district wherein the candidate seeks election. The 3 candidates receiving the greatest number of votes in each district shall be elected to the Fayette County school board according to the apportionment as defined in Section 1.

SECTION 5.

This plan shall take effect upon passage, the public welfare requiring it, but shall be fully implemented with the August 2002 general election.

Date of Passage: November 27, 2001.

With no other matters to be brought before this Board, said meeting adjourned.

JIM VOSS - Chairman
County Mayor

ATTEST:

Dell T. Graham, County Clerk