

*****JANUARY 14, 2008*****

The Town Council of the Town of Signal Mountain held its regular monthly meeting on Monday, January 14, 2008 at 7:00 p.m. in the Town Hall. Those present were:

Mayor Paul M. Hendricks
 Vice Mayor Hershel Dick
 Councilmember Annette Allen
 Councilmember Bill Lusk
 Councilmember Susan Robertson

Also present were

Town Attorney Phillip Noblett
 Lynn Wampler
 Interim Recorder Sherry Morrison

Others present – See Attached List

Mayor Hendricks called the meeting to order and led the Pledge of Allegiance. Rev. Lewis Kiser offered the invocation. Roll call found all Council members present.

The Mayor asked for approval of the minutes of December 10, 2007 special meeting at 4:00 p.m., December 10, 2007 regular meeting, December 19, 2007 special meeting and January 9, 2008 agenda meeting. Councilmember Robertson moved the minutes be approved as amended. The motion was seconded by Councilmember Lusk and approved unanimously.

Mayor Hendricks recognized Mr. Stan Crewe who was the creator of the "Christmas Train" that was placed at James Park every Christmas. He then introduced Mr. Crewe's wife Nancy Crewe. The Mayor stated the Council, Mr. Crewe's family and friends had been searching for a way to honor Mr. Crewe. Mayor Hendricks stated they would be establishing a formal, tax deductible, fund through the Community Foundation for the storage and maintenance of the train. He said if anyone wanted to make a donation to the fund could contact the Nancy Crewe's daughter, Alison Phillips.

Nancy Crewe then explained the history of the train. She stated Mr. Crewe had the vision for the train in 2002. She then said the building of the train was completed but would need maintenance. Councilmember Robertson said the Town needed to raise \$5,000 for the Foundation to qualify as tax a deductible foundation.

The first resolution before the Council was "A RESOLUTION APPOINTING ART DICKERSON AS A MEMBER OF THE TOWN OF SIGNAL MOUNTAIN'S PERSONNEL COMMITTEE". Councilmember Robertson made the motion to accept the resolution. It was seconded by Councilmember Lusk and was unanimously approved.

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The second resolution before the Council was "A RESOLUTION APPOINTING BILL WALLACE, MIKE HUSEMAN AND REAPPOINTING NORMA WITHERSPOON AS MEMBERS OF THE TOWN OF SIGNAL MOUNTAIN'S MOUNTAIN ARTS COMMUNITY CENTER (MACC) BOARD". The Mayor recognized and introduced all three appointees. He then asked for a motion to accept. Councilmember Lusk made a motion to accept. Councilmember Allen seconded the motion and the resolution was approved unanimously.

The third resolution before the Council was "A RESOLUTION OF THE TOWN OF SIGNAL MOUNTAIN, TENNESSEE, AUTHORIZING THE ISSUANCE OF INTEREST BEARING GENERAL OBLIGATION CAPITAL OUTLAY NOTES, SERIES 2008, IN AN AMOUNT NOT EXCEED \$287,000, AND PROVIDING FOR THE PAYMENT OF SAID NOTES". Town Manager Lynn Wampler explained the funds would be used for (1) Police cars, (2) Automated Garbage Truck...carts not included. (3) Repair of Public Works facility and possibly a computer system for the fuel tank system (4) Vehicle for Fire Chief. He said the notes were set up to be paid off in three years. Mr. Wampler then asked the Council to approve the resolution. Councilmember Allen moved the resolution be approved. It was seconded by Councilmember Robertson and unanimously approved.

The fourth resolution before the Council was "A RESOLUTION AUTHORIZING THE TOWN MANAGER TO PURCHASE ONE (1) NEW HOLLAND BACKHOE FOR THE TOWN'S WATER DEPARTMENT IN THE AMOUNT OF SIXTY-FOUR THOUSAND EIGHT HUNDRED FIVE AND 00/100 (\$64,805.00) DOLLARS". Mr. Wampler stated the wiring harness on the present backhoe burned. The backhoe purchase was in the budget but needed Council's approval to make an emergency purchase. Vice Mayor Dick made a motion to approve. It was seconded by Councilmember Robertson and unanimously approved.

The fifth resolution before the Council was "A RESOLUTION AUTHORIZING THE TOWN MANAGER TO ADOPT A BIO DIESEL POLICY FOR THE TOWN OF SIGNAL MOUNTAIN". Councilmember Lusk said bio-diesel was \$.03 to \$.06 less per gallon less expensive than #2 diesel fuel. He said it burned more efficiently and was cleaner and had less emission. Councilmember Lusk made the motion to approve the resolution. It was seconded by Councilmember Dick and unanimously approved.

The sixth resolution before the Council was "A RESOLUTION OF THE TOWN OF SIGNAL MOUNTAIN, TENNESSEE, AUTHORIZING THE TOWN MANAGER TO PREPARE REQUESTS FOR PROPOSAL ON A FIVE (5) YEARS MAINTENANCE PROGRAM FOR THE TOWN'S FIVE (5) WATER TANKS TO BE PAID FROM THE TOWN'S PUBLIC UTILITY FUND". Mr. Wampler said in 1998 the Town spent \$275,000 to repair one water tank and in 2007 the Town spent \$23,000 to wax the interior of the tank. He said he felt there was an advantage to having regular maintenance on the tanks. He said during the five year period all five (5) tanks would be repainted and everything above ground would be maintained. Councilmember Robertson made the motion to approve the resolution and was seconded by Councilmember Allen. The resolution was approved unanimously.

The seventh resolution before the Council was "RESOLUTION OF THE TOWN OF SIGNAL MOUNTAIN, TENNESSEE, AUTHORIZING THE TOWN MANAGER TO IMPOSE A CHARGE OF ONE HUNDRED TWENTY FIVE AND 00/100 (\$125.00) DOLLARS PER YEAR OR FIVE AND 00/100 (\$5.00) DOLLARS PER VISIT FOR ALL NON-RESIDENTS WHO USE THE TOWN TRANSFER STATION". Mayor Hendricks explained the increase in the increase. Councilmember Robertson made a motion to discuss. It was seconded by Councilmember Allen. Councilmember Lusk asked about commercial use. Loretta Hopper, Public Works Director, stated anyone with building materials was being charged Vice Mayor Dick then asked about the \$5.00 per visit charge for the non residents without a transfer station pass. He asked to eliminate the \$5.00 per visit charge because there would need to be an employee stationed at the hopper to collect the fee. After discussion from the Council they agreed to eliminate the \$5.00 charge. Vice Mayor Dick moved the resolution be approved as amended, Councilmember Lusk seconded the motion and the resolution was approved unanimously.

The eighth resolution before the Council was "A RESOLUTION AUTHORIZING THE TOWN MANAGER TO ADOPT THE MTAS PERSONNEL POLICY, AS REVIEWED AND REVISED BY THE SIGNAL MOUNTAIN PERSONNAL COMMITTEE, AS THE OFFICIAL POLICY OF THE TOWN OF SIGNAL MOUNTAIN". Councilmember Robertson moved the resolution be approved. It was seconded by Councilmember Lusk and approved unanimously.

The ninth resolution before the Council was "A RESOLUTION AUTHORIZING THE TOWN MANAGER TO REORGANIZE CERTAIN POSITIONS WITHIN THE TOWN'S POLICE DEPARTMENT". Chief Boyd Veal explained the resolution. Councilmember Robertson moved the resolution be approved. It was seconded by Vice Mayor Dick and unanimously approved.

The tenth resolution before the Council was "A RESOLUTION AUTHORIZING THE TOWN MANAGER TO APPOINT MARK ALLEN JOHNSON, CPA, AS RECORDER/FINANCE DIRECTOR FOR THE TOWN OF SIGNAL MOUNTAIN". Mr. Wampler introduced Mark Johnson. He said Mr. Johnson could begin his employment on January 28th or February 4, 2008. Councilmember Lusk moved the resolution be approved. It was seconded by Councilmember Allen and unanimously approved.

The eleventh resolution before the Council was "A RESOLUTION AUTHORIZING THE TOWN MANAGER TO ADOPT A MANDATORY RETIREMENT AGE FOR POLICE DEPARTMENT AND FIRE DEPARTMENT PERSONNEL AS AUTHORIZED BY TENNESSEE CODE ANNOTATED SECTION 8-36-205(a)(2) FOR PURPOSES OF EARLY RETIREMENT BENEFITS FROM THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM". Lynn Wampler explained the provisions regarding the retirement package. Mayor Hendricks said there was a State law passed and each town had the option to implement. The motion was made by Councilmember Lusk to approve and seconded by Councilmember Robertson. After much discussion from Council, Chief Boyd Veal and Chief John Vlasis.

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Phil Noblett stated this resolution would adopt the mandatory retirement age provided the cost was approved by Council. He also said a provision would be that it must be passed 6/9/08 to be effective 7/1/08. The resolution was passed unanimously.

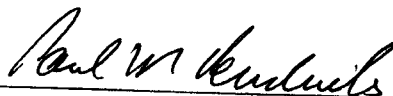
Lou Oliphant gave the Planning Commission report. She said there would be a Planning Commission meeting on Wednesday, January 16th at 7:00 to pass the Land Use Plan with a mandatory six (6) month review.

Lynn Wampler discussed and explained the Capital Project Fund was a like a maintenance program and budgeting money in each department each year. Mr. Wampler said the Town had approximately sixty (60) pieces of equipment that had depreciated out and needed to be replaced in the near future. He said it would take time to build the fund but would have interest going into the account. He said this would help to keep taxes down, help stabilize the General Fund and help departments replace equipment they need. Mr. Wampler said implementing the Capital Project Fund would be the most important thing the Council would do in their term. Mr. Wampler said the Town should have at least a six month unrestricted reserve.

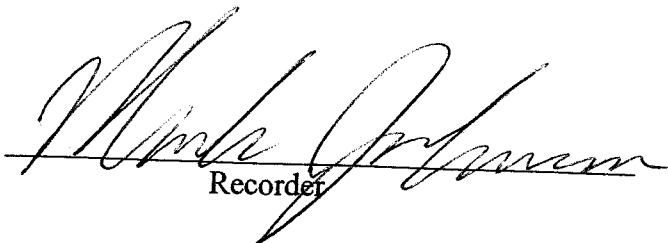
Mr. Noblett stated this would require an amendment to the Budget Ordinance for 2007/2008.

Each department head gave an update on their departments. Mr. Wampler said the Town was applying for a grant to have the pool repaired and ready by 2009.

After citizens comments the meeting was adjourned.



Paul M. Hendricks, Mayor



Recorder

DATE: January 14, 2008, 7:00 P.M.

NAME	ADDRESS
1. Julie Ratliff	400 Budy Point Rd.
2. Lem Pi	211 W Palisades
3. Thomas Muckerspoon	186 Woodcliff Cir
4. David Skropshire	
5. John & Margaret Trumphy	820 Timberlinks
6. Michael Hussem	205 Inverness Dr.
*7. Nancy Crewe	41 Oliver Ct.
8. Conny Wallace	121 N Palisades Dr.
9. Ben Wallace	121 W. Palms Av
10. OB Murre	907 Cherokee
11. Sarah Wilson	21 Whispering Pines
12. Corey Emery	4441 Bouton Dr.
13. Melvin Call	105 South Dr.
14. Micah Cox	7022 Sayer Rd.
15. Lore Orliphant	796 Cherokee Lane
16. Mike O'Neal	TIMES FREE PRESS
17. Pat Kéran	20 Whispering Pines
18. Joe Dumas	1111 James Blvd.
19. Alan Long	171 Woodcliff Cir
20. Bergeon Smith	102 South Dr
21. Clare Pecker	107 Hollisians

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DATE: January 14, 2008, 7:00 P.M.

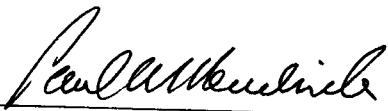
NAME	ADDRESS
1. <i>Tyler Price</i>	<i>200 S. Palisades</i>
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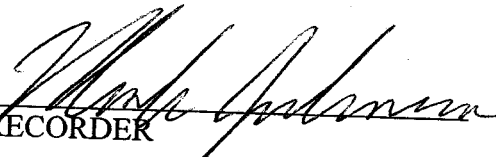
RESOLUTION NO. 2008-2

A RESOLUTION APPOINTING ART DICKERSON AS A MEMBER
OF THE TOWN OF SIGNAL MOUNTAIN'S PERSONNEL
COMMITTEE.

BE IT RESOLVED by the Town Council of the Town of Signal Mountain,
Tennessee, that Arthur N. Dickerson, 176 Woodcliff Circle, Signal Mountain, TN 37377,
is appointed as a member of the Signal Mountain Personnel Committee for three (3) year
terms which will expire on December 31, 2010.



MAYOR



RECORDER

1/14/08

DATE

1/14/08


DATE

PAN/kac

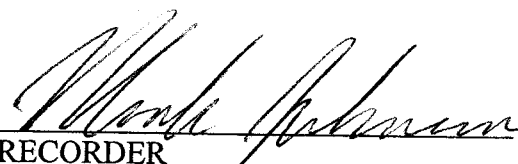
RESOLUTION NO. 2008-3

A RESOLUTION APPOINTING BILL WALLACE AND MIKE HUSEMAN AS MEMBERS OF THE TOWN OF SIGNAL MOUNTAIN'S MOUNTAIN ARTS COMMUNITY CENTER (MACC) BOARD.

BE IT RESOLVED by the Town Council of the Town of Signal Mountain, Tennessee, that it shall appoint Bill Wallace, 121 N. Palisades Drive, Signal Mountain, Tennessee, and Mike Huseman, 205 Inverness, Signal Mountain, Tennessee as members of the Town of Signal Mountain's Mountain Arts Community Center (MACC) Board, for a three (3) year term expiring on December 31, 2010.



MAYOR



RECORDER

11/14/08

DATE

11/14/08

DATE

PAN/kac

RESOLUTION OF THE TOWN OF SIGNAL MOUNTAIN, TENNESSEE, AUTHORIZING THE ISSUANCE OF INTEREST BEARING GENERAL OBLIGATION CAPITAL OUTLAY NOTES, SERIES 2008, IN AN AMOUNT NOT TO EXCEED \$287,000, AND PROVIDING FOR THE PAYMENT OF SAID NOTES

WHEREAS, the Town Council (the "Council") of the Town of Signal Mountain, Tennessee (the "Municipality"), has determined that it is necessary and desirable to authorize, issue, sell, and provide for the payment of its interest bearing capital outlay notes to finance certain public works projects, consisting of the acquisition of police vehicles, an automated garbage truck, the acquisition of a fire department vehicle, and the renovation of certain public works facilities (collectively, the "Project"), and paying costs incident to the financing thereof;

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

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF SIGNAL MOUNTAIN, TENNESSEE, AS FOLLOWS:

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

Section 2. Authorization. For the purpose of providing funds to finance the costs of the Project, there shall be issued pursuant to, and in accordance with, the provisions of Title 9, Chapter 21, Tennessee Code Annotated, as amended, and other applicable provisions of law, the interest bearing capital outlay notes of the Municipality, in the aggregate principal amount of not to exceed \$287,000, or such lesser amount as may be determined by the Mayor of the Municipality (the "Mayor") at the time of sale (collectively, the "Notes", individually, the "Note"). The term of the Notes shall not exceed the reasonably expected economic life of the Project which is hereby certified to be at least the term of the Notes.

Section 3. Terms of the Notes. The Notes shall be designated "General Obligation Capital Outlay Notes, Series 2008". The Notes shall be issued in registered form, without coupons, in minimum denominations of \$5,000. The Notes shall be numbered from 1 upwards, shall be dated the date of issuance and delivery, shall be sold at not less than the par amount thereof, shall bear interest at a rate or rates not to exceed 6.50% per annum, such interest being payable at such times as agreed upon with the purchaser of such Notes, but in no event less than semiannually each year commencing six months from the dated date or such date as shall be designated by the Mayor (the "Interest Payment Date"), and shall mature not later than the end of the third fiscal year from the

date of issuance of the Notes. Each year the Notes are outstanding the Municipality shall retire principal on the Notes in an amount that is estimated to be at least equal to an amortization which reflects level debt service on the Notes. The Notes shall contain such terms, conditions, and provisions other than as expressly provided or limited herein as may be agreed upon by the Mayor of the Municipality and the purchaser of the Notes.

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

Section 4. Redemption. The Notes shall be subject to redemption, in whole or in part, at the option of the Municipality, at any time, at a price of par plus accrued interest to the date of redemption, upon not less than fifteen (15) calendar days written notice to the registered owner.

Section 5. Execution. The Notes shall be executed in the name of the Municipality; shall bear the manual signature of the Mayor; shall be countersigned by the Recorder of the Municipality (the "Recorder") with his or her manual signature; and, shall have printed or impressed thereon the official seal of the Municipality. In the event any officer whose signature appears on the Notes shall cease to be such officer, such signature shall nevertheless be valid and sufficient for all purposes. The Notes shall be issued in typed, printed, or photocopied form, or any combination thereof, substantially in the form attached hereto as Exhibit "A", with such minor changes therein or such variations thereof as the Mayor may deem necessary or desirable, the blanks to be appropriately completed by the Mayor prior to the issuance of the Notes.

Section 6. Registration, Negotiability, and Payment. (a) The Recorder of the Municipality is hereby appointed the note registrar and paying agent (the "Note Registrar"), and as such shall establish and maintain suitable books (the "Registration Books") for recording the registration, conversion, and payment of the Notes, and shall also perform such other duties as may be required in connection with any of the foregoing. The Note Registrar is hereby authorized to authenticate and deliver the Notes to the original purchaser thereof, or as he or she may designate, upon receipt by the Municipality of the proceeds of the sale thereof and to authenticate and deliver Notes in exchange for Notes of the same principal amount delivered for transfer upon receipt of the Notes to be transferred in proper form with proper documentation as herein described. The Notes shall not be valid for any purpose unless authenticated by the Note Registrar by the manual signature of the Note Registrar on the certificate set forth in Exhibit "A" hereto. The Notes shall be fully registered as to both principal and interest and shall be fully negotiable upon proper endorsement by the registered owner thereof. No transfer of any Notes shall be valid unless such transfer is noted upon the Registration Books and until such Note is surrendered, cancelled, and exchanged for a new Note which shall be issued to the transferee, subject to all the conditions contained herein. Principal of the Notes shall be paid at maturity upon presentation or surrender of the Notes at the principal office of the Note Registrar, and payment in such manner shall forever

discharge and release the obligation of the Municipality to the extent of the principal and interest so paid.

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

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

Section 7. Exchange of Notes. Notes upon surrender thereof at the office of the Note Registrar, together with an assignment of such Notes duly executed by the registered owner thereof, or his, her, or its attorney or legal representative, may be exchanged for an equal aggregate principal amount of Notes of the same maturity, of any denomination or denominations authorized by this Resolution, and bearing interest at the same rate as the Notes surrendered for exchange.

Section 8. Transfer of Notes. Each Note shall be transferable only on the registration books maintained by the Note Registrar at the principal office of the Note Registrar, upon the surrender for cancellation thereof at the principal office of the Note Registrar, together with an assignment of such Note duly executed by the owner thereof or his, her or its attorney or legal representative, and upon payment of the charges hereinafter provided, and subject to such other limitations and conditions as may be provided therein or herein. Upon the cancellation of any such Note, the Note Registrar shall, in exchange for the surrendered Note or Notes, deliver in the name of the transferee or transferees a new Note or Notes of authorized denominations, of the same aggregate principal amount, maturity, and rate of interest as such surrendered Note or Notes, and the transferee or transferees shall take such new Note or Notes subject to all of the conditions herein contained.

Section 9. Regulations with Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging or transferring Notes is exercised, the Municipality shall execute, and the Note Registrar shall deliver, Notes in accordance with the provisions of this Resolution. For every exchange or transfer of Notes, whether temporary or definitive, the Municipality and the Note Registrar may make a charge, unless otherwise herein to the contrary expressly provided, sufficient to pay for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer, all of which taxes, fees, and other governmental charges shall be paid to the Municipality by the person or entity requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

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

Section 10. Mutilated, Lost, Stolen, or Destroyed Notes. In the event any Note issued hereunder shall become mutilated, or be lost, stolen, or destroyed, such note shall, at the written request of the registered owner, be cancelled on the Registration Books and a new Note shall be authenticated and delivered, corresponding in all aspects but number to the mutilated, lost, stolen, or destroyed Note. Thereafter, should such mutilated, lost, stolen, or destroyed Note or Notes come into possession of the registered owner, such Notes shall be returned to the Note Registrar for destruction by the Note Registrar. If the principal on said mutilated, lost, stolen, or destroyed Note shall be due within fifteen (15) calendar days of receipt of the written request of the registered owner for authentication and delivery of a new Note, payment therefor shall be made as scheduled in lieu of issuing a new Note. In every case the registered owner shall certify in writing as to the destruction, theft, or loss of such Note, and shall provide indemnification satisfactory to the Municipality and to the Note Registrar, if required by the Municipality and the Note Registrar.

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

Section 11. Authentication. Only such of the Notes as shall have endorsed thereon a certificate of authentication, substantially in the form set forth in Exhibit "A" hereto duly executed by the Note Registrar shall be entitled to the rights, benefits, and security of this Resolution. No Note shall be valid or obligatory for any purpose unless, and until, such certificate of authentication shall have been duly executed by the Note Registrar. Such executed certificate of authentication by the Note Registrar upon any such Note shall be conclusive evidence that such Note has been duly authenticated and delivered under the Resolution as of the date of authentication.

Section 12. Source of Payment and Security. The Notes, as to both principal and interest, shall be payable from funds of the Municipality legally available therefor and to the extent necessary from ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality without limitation as to time, rate, or amount. Said Notes shall be a direct general obligation of the Municipality, for which the punctual payment of the principal of and interest on the Notes, the full faith and credit of the Municipality is irrevocably pledged.

Section 13. Levy of Taxes. For the purpose of providing for the payment of the principal of and interest on the Notes, to the extent required, there shall be levied in each year in which such Notes shall be outstanding a direct tax on all taxable property in the Municipality, fully sufficient to pay all such principal and interest falling due prior to the time of collection of the next succeeding tax levy. Said tax shall be assessed, collected, and paid at the time, and in the same manner, as the other taxes of said Municipality, shall be in addition to all other taxes, and shall be without limitation as to time, rate, or amount, and for that purpose there is hereby levied a direct annual tax in such amount as may be found necessary each year to pay said principal of and interest on the Notes maturing in said year. Principal or interest falling due at any time when there shall be insufficient funds on hand from such tax levy for the payment thereof shall be paid from the general

fund or other available funds of the Municipality, but reimbursement therefor may be made from the taxes herein provided when the same shall have been collected. Such taxes levied and collected therefor shall be deposited in a special fund to be designated General Obligation Capital Outlay Notes, Series 2008, Note Fund (the "Note Fund"), which is hereby authorized to be created, and used solely for the payment of principal of and interest on the Notes as the same shall become due.

Section 14. Approval of Director of Local Finance. Anything herein contained to the contrary notwithstanding, no Notes authorized under this Resolution shall be issued, sold, or delivered, unless and until such Notes shall first have been duly approved by the Director of Local Finance of the State of Tennessee as provided by Section 9-21-601 et. seq., Tennessee Code Annotated, as amended. The Mayor, Recorder, Town Attorney, and Bond Counsel are hereby authorized to take or cause to be taken such steps as are necessary to obtain such approval. After the issuance and sale of the Notes, and for each year that any of the Notes are outstanding, the Municipality shall submit its annual budget to the State Director of Local Finance for approval immediately upon the Municipality's adoption of the budget.

Section 15. Sale of Notes. The Notes herein authorized are authorized to be sold by the Mayor by the informal bid process at a price of not less than par and accrued interest.

Section 16. Disposition of Note Proceeds. The proceeds from the sale of the Notes shall be paid to the official of the Municipality designated by law as the custodian of the funds thereof to be deposited in a special fund known as the "General Obligation Capital Outlay Notes, Series 2008, Project Fund" (the "Project Fund"), which is hereby authorized to be created, to be kept separate and apart from all other funds of the Municipality. The monies in the Project Fund shall be disbursed solely to finance the Project and to pay the costs of issuance of the Notes, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Notes. Monies in the Project Fund may be invested and shall be secured in the manner prescribed by applicable statutes relative to the investment and securing of public or trust funds. Any monies remaining in the Project Fund after completion of the Project shall be transferred to the Note Fund.

Section 17. Non-Arbitrage Certification. The Municipality certifies and covenants with the owners of the Notes that so long as the principal of any Note remains unpaid, monies on deposit in any fund or account in connection with the Notes, whether or not such monies were derived from the proceeds of the sale of the Notes or from any other source, will not be used in a manner which will cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any lawful regulations promulgated thereunder, as the same presently exist, or may from time to time hereafter be amended, supplemented, or revised. The Municipality reserves the right, however, to make any investment of such monies permitted by Tennessee law and this Resolution if, when and to the extent that said Section 148 or regulations promulgated thereunder shall be repealed or relaxed or shall be held void by final decision of a court of competent jurisdiction, but only if any investment made by virtue of such repeal, relaxation, or decision would not, in the opinion of counsel of recognized competence in such matters, result in making the interest on the Notes subject to inclusion in gross income of the owners thereof for federal income tax purposes.

The Municipality covenants that it shall comply with Section 148(f) of the Code, unless legally exempted therefrom and it represents that in the event it shall be required by Section 148(f) of the Code to pay "Rebatable Arbitrage," as defined in the regulations promulgated under the

Code, 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 Notes from becoming subject to inclusion in federal gross income of the owners of the Notes for purposes of federal income taxation.

Section 18. Designation of Notes as Qualified Tax-Exempt Obligations. The Municipality hereby designates the Notes as "qualified tax-exempt obligations" within the meaning and for the purpose of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Section 19. Reimbursement Provisions. The Municipality is in the process of causing certain capital expenditures to be made with respect to the Project, including, but not necessarily limited to, planning, design, and architectural expenses, and the Municipality desires to establish its official intent that certain of the expenditures related to the Project and certain other related expenditures be reimbursed from the proceeds of the Notes. Therefore, the Council of the Municipality finds and determines, as follows:

- (a) that it is in the best interest of the Municipality to proceed immediately with the Project, thereby incurring certain capital expenditures;
- (b) that the Municipality has certain funds available which may be used temporarily for this purpose, pending the issuance of the Notes;
- (c) that pursuant to the provisions of this Resolution, the Council anticipates that the Municipality will issue the Notes for the purpose of financing the Project;
- (d) that the Council reasonably expects to reimburse such amounts to such fund or source from which such expenditures may be made on a temporary basis as soon as proceeds from the issuance of such Notes are available; and,
- (e) that this declaration of official intent is consistent with the budgetary and financial circumstances of the Municipality.

The Council of the Municipality by this Resolution hereby establishes its official intent to issue the Notes to finance the costs of the Project and other related expenditures in an amount not to exceed \$287,000. Pending the issuance of such Notes, funds necessary to finance such costs shall be advanced from such source of funds on hand and available for such purpose, and any amounts so advanced shall be reimbursed from the proceeds of the Notes.

Section 20. Resolution a Contract. The provisions of this Resolution shall constitute a contract between the Municipality and the owners of the Notes, and after the issuance of the Notes, no change, variation, or alteration of any kind in the provisions of this Resolution shall be made in any manner, until such time as all installments of the principal of and interest on the Notes shall have been paid in full or the consent of the registered owners of the Notes has been obtained; provided, however, that the Municipality is hereby authorized to make such amendments to this Resolution as will not impair the rights or security of the owners of the Notes.

Section 21. No Action to be Taken Affecting Validity of the Notes. The Municipality hereby covenants and agrees that it will not take any action, that would in any manner affect the validity of the Notes or limit the rights and remedies of the owners from time to time of such Notes. The Municipality further covenants that it will not take any action that will cause the interest on the Notes to be subject to inclusion in gross income of the owners thereof for purposes of federal income taxation.

Section 22. Miscellaneous Acts. The Mayor, the Recorder, and all other appropriate officials of the Municipality are hereby authorized, empowered, and directed to do any and all such acts and things, and to execute, acknowledge, and deliver all such documents, instruments, and certifications, specifically including but not limited to, making arbitrage certifications and executing a note purchase agreement in connection with the purchase of the Notes, in addition to those acts, things, documents, instruments, and certifications hereinbefore authorized and approved, as may in their discretion, be necessary or desirable to implement or comply with the intent of this Resolution; or any of the documents herein authorized and approved; or for the authorization, issuance, and delivery of the Notes.

Section 23. Failure to Present Notes. Subject to the provisions of Section 3 hereof, in the event any Note shall not be presented for payment when the principal becomes due at maturity and in the event monies sufficient to pay such Note shall be held by the Note Registrar for the benefit of the owner thereof, all liability of the Municipality to such owner for the payment of such Note shall forthwith cease, terminate, and be completely discharged. Thereupon, the Note Registrar shall hold such monies, without liability for interest thereon, for the benefit of the owner of such Note who shall thereafter be restricted exclusively to such monies for any claim under this Resolution or on, or with respect to, said Note, subject to escheat or other similar law, and any applicable statute of limitation.

Section 24. Payments Due on Saturdays, Sundays, and Holidays. Whenever the interest on or principal of any Note is due on a Saturday or Sunday or, at the place designated for payment, a legal holiday or a day on which banking institutions are authorized by law to close, then the payment of the interest on, or the principal of, such Note need not be made on such date but must be made on the next succeeding day not a Saturday, Sunday, or a legal holiday or a day upon which banking institutions are authorized by law to close, with the same force and effect as if made on the date of maturity; and no interest shall accrue for the period after such date.

Section 25. No Recourse Under Resolution or on Notes. All stipulations, promises, agreements, and obligations of the Municipality contained in this Resolution shall be deemed to be the stipulations, promises, agreements, and obligations of the Municipality and not of any officer, director, or employee of the Municipality in his or her individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Notes or for any claim based thereon or under this Resolution against any officer, director, or employee of the Municipality or against any official or individual executing the Notes.

Section 26. Severability. If any section, paragraph, or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, or provision shall not affect any of the remaining provisions hereof.