

PUBLIC HEARING  
OCTOBER 14, 2008

A public hearing was held at the Municipal Building on October 14, 2008, pursuant to notice in the Elk Valley Times. Mayor Gwen Shelton, was present and presiding, and the following aldermen were present:

Richard Bolles  
Carolyn Denton  
Dorothy Small  
Joe Askins  
Marty Pepper  
Walter Sloan

The Deannexation of Bend of the River was discussed. No one appeared with comments on the subject.

The rezoning of the Cotton Mill from R2 to C3 was discussed. No one appeared with comments on the subject.

The public hearing was closed.

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Mayor

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Clerk

REGULAR MEETING  
BOARD OF MAYOR AND ALDERMEN  
OCTOBER 14, 2008

REFERENCE VIDEO DATED OCTOBER 14, 2008

The Board of Mayor and Aldermen of the City of Fayetteville, Lincoln County, Tennessee, met in open, public session at the regular meeting place of said board in the Municipal Building of said city at 5:00 p.m. on October 14, 2008. Mayor Gwen Shelton was present and presiding. The following named aldermen were present:

Richard Bolles  
Carolyn Denton  
Dorothy Small  
Joe Askins  
Marty Pepper  
Walter Sloan

Also present was Kevin Helms, City Administrator, and Steve Broadway, City Attorney.

The prayer was led by Joe Askins, and the Pledge of Allegiance was led by Carolyn Denton.

Motion was made by Richard Bolles seconded by Dorothy Small to approve the minutes of the September meeting. Upon roll call, the following voted:

AYE  
Richard Bolles  
Carolyn Denton  
Dorothy Small  
Joe Askins  
Marty Pepper  
Walter Sloan

NAY  
None

Mayor Shelton declared the minutes approved.

Motion was made by Dorothy Small seconded by Carolyn Denton to approve the bills and additional bills for payment. Upon roll call, the following voted:

AYE  
Carolyn Denton  
Dorothy Small  
Joe Askins  
Marty Pepper  
Walter Sloan  
Richard Bolles

NAY  
None

Mayor Shelton declared the bills and additional bills approved

Britt Dye gave the report on FPU activities.

Steve Broadway discussed a tract Jerry Mullins is selling beside Wellsbrook Subdivision. Motion was made by Richard Bolles seconded by Dorothy Small to authorize the Mayor to execute a quit claim deed, if recommended, to clear up any interest the City has in the tract. Upon roll call, the following voted:

Aye  
Dorothy Small  
Joe Askins  
Marty Pepper  
Walter Sloan  
Richard Bolles  
Carolyn Denton

Nay  
None

Mayor Shelton declared the motion adopted.

Jack Towry and John Ed Underwood thanked the Board for their funding toward the Lincoln County birthday celebration. They gave each Board member a commemorative coin and showed the medallion that has been designed. They discussed the progress they are making on the book.

Kevin Helms discussed the Wellsbrook Subdivision drainage situation. The Street Committee's recommendation is as follows: Eddie Plunkett will work with the Street Department to create a small swall to channel the water to the catch basins along Wellsbrook Drive. The property owner of commercial property along Huntsville Highway will take action to prevent silt from entering the Wellsbrook drainage basin. The Street Department will dredge the silt from the ditch along Jeffrey Drive so that the ditch will resemble its original design. A catch basin will be built at the intersection of Wellsbrook and Jeffrey to dress up the area. This basin will be built at the homeowner's expense and will have an outlet pipe equal to or greater than that flowing into it. The City will seed and sow all disturbed areas. Motion was made by Joe Askins seconded by Marty pepper to accept the recommendation. Upon roll call, the following voted:

Aye  
Joe Askins  
Marty Pepper  
Walter Sloan  
Richard Bolles  
Carolyn Denton  
Dorothy Small

Nay  
None

Mayor Shelton declared the motion adopted.

Motion was made by Joe Askins seconded by Walter Sloan to approve the recommendation to change State Street to a one way street, and some mail boxes may have to be relocated. Upon roll call, the following voted:

Aye  
Marty Pepper  
Walter Sloan

Nay  
None

Richard Bolles  
Carolyn Denton  
Dorothy Small  
Joe Askins

Mayor Shelton declared the motion adopted.

Motion was made by Walter Sloan seconded by Carolyn Denton to close the streets during the Host of Christmas Past as requested by that committee and approved by the Fire and Police Committee. Upon roll call, the following voted:

Aye

Walter Sloan  
Richard Bolles  
Carolyn Denton  
Dorothy Small  
Joe Askins  
Marty Pepper

Nay

None

Mayor Shelton declared the motion adopted.

The initial resolution R-08-7 for \$1,000,000 to be used for access roads, ingress/egress along Huntsville Highway, and River Road improvements was discussed, which is as follows:

RESOLUTION NO. R-08-07

INITIAL RESOLUTION authorizing the issuance of not to exceed \$1,000,000 General Obligation Bonds of the City of Fayetteville, Tennessee.

BE IT RESOLVED by the Board of Mayor and Aldermen of the City of Fayetteville, Tennessee (the "Municipality") that for the purpose of financing (i) construction of roads in and for the Municipality including the widening, base upgrade, and paving of River Road; (ii) construction of curbs, gutters, sidewalks and similar right of way improvements in and for the Municipality (iii) acquisition of all property, real and personal, appurtenant to any of the foregoing; (iv) payment of legal, fiscal, administrative, architectural and engineering costs incident to any of the foregoing; (v) reimbursement of funds previously expended for the foregoing, if any; and (vi) payment of costs incurred in connection with the issuance and sale of the bonds, there shall be issued bonds of said municipality in the aggregate principal amount not to exceed \$1,000,000, which shall bear interest at a rate or rates not to exceed five and one-half percent (5.50%) per annum, and which shall be payable from ad valorem taxes to be levied on all taxable property within the municipality.

BE IT FURTHER RESOLVED by the Board of Mayor and Aldermen of the City of Fayetteville, Tennessee that the City Clerk be, and he is, hereby directed and instructed to cause the foregoing initial resolution relative to the issuance of not to exceed \$1,000,000 General Obligation Bonds to be published in full in a newspaper having a general circulation in the City of Fayetteville Tennessee, for one issue of said paper followed by the statutory notice, to-wit:

NOTICE

The foregoing resolution has been adopted. Unless within twenty (20) days from the date of publication hereof a petition signed by at least ten percent (10%) of the registered voters of the municipality shall have been filed with the City Clerk protesting the issuance of the bonds, such bond will be issued as proposed.

Kevin Helms, City Administrator/City Clerk

/s/ Gwen Shelton  
Mayor

ATTEST:

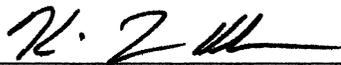
/s/ Kevin Helms  
City Administrator/ City Clerk

STATE OF TENNESSEE        )

COUNTY OF LINCOLN        )

I, Kevin Helms, hereby certify that I am the duly qualified and acting City Clerk of the City of Fayetteville, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a special meeting of the governing body of said municipality held on October 14, 2008; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to \$1,000,000 General Obligation Bonds of said municipality.

WITNESS my official signature and the seal of said municipality, this 14<sup>th</sup> day of October, 2008.

/s/   
\_\_\_\_\_  
City Administrator/City Clerk

(SEAL)

Motion was made by Walter Sloan seconded by Carolyn Denton to adopt resolution R-08-7. Upon roll call, the following voted:

Aye

Richard Bolles

Carolyn Denton

Dorothy Small

Joe Askins

Marty Pepper

Walter Sloan

Nay

None

Mayor Shelton declared the motion adopted.

The following detailed resolution R-08-8 was considered, which is as follows:

RESOLUTION NO. R-08-8

A RESOLUTION AUTHORIZING THE ISSUANCE OF INTEREST BEARING GENERAL OBLIGATION BOND ANTICIPATION NOTES, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$1,000,000 OF THE CITY OF FAYETTEVILLE, TENNESSEE; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID NOTES; ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; AND PROVIDING FOR THE LEVY OF TAXES FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE NOTES.

WHEREAS, by Sections 9-21-101, et seq., Tennessee Code Annotated, municipalities in Tennessee are authorized through their respective governing bodies to issue and sell bonds of said municipalities to finance public works projects; and

WHEREAS, under the provisions of Sections 9-21-501, et seq., Tennessee Code Annotated, subject to the approval of the State Director of Local Finance, municipalities in Tennessee are authorized to issue interest bearing bond anticipation notes for all purposes for which bonds can be legally authorized and issued by a municipality, and

WHEREAS, the Board of Mayor and Aldermen of the City of Fayetteville, Tennessee (the "Municipality") has determined that it is necessary and advisable to issue bond anticipation notes at this time in anticipation of bonds to be issued to fund certain public works projects as described herein;

WHEREAS, the Board of Mayor and Aldermen of the Municipality has determined that it is necessary and desirable to issue not to exceed \$1,000,000 in aggregate principal amount of general obligation bond anticipation notes for the purpose of providing funds for (i) construction of roads in and for the Municipality including the widening, base upgrade, and paving of River Road; (ii) construction of curbs, gutters, sidewalks and similar right of way improvements in and for the Municipality (iii) acquisition of all property, real and personal, appurtenant to any of the foregoing; (iv) payment of legal, fiscal, administrative, architectural and engineering costs incident to any of the foregoing; (v) reimbursement of funds previously expended for the foregoing, if any; and (vi) payment of costs incurred in connection with the issuance and sale of the notes described herein; and

WHEREAS, it is the intention of the Board of Mayor and Aldermen of the Municipality to adopt this resolution for the purpose of authorizing not to exceed \$1,000,000 in aggregate principal amount of said notes, providing for the issuance, sale and payment of said notes, establishing the terms thereof, and the disposition of proceeds therefrom, and providing for the levy of a tax under certain conditions for the payment of principal thereof and interest thereon; and

WHEREAS, on the date hereof, the Board of Mayor and Aldermen of the Municipality adopted an Initial Resolution proposing the issuance of not to exceed \$1,000,000 in the aggregate principal amount of general obligation public works bonds, the proceeds of which shall be used for the purposes hereinabove set forth and/or to retire the notes authorized hereby (as applicable); and

NOW, THEREFORE, BE IT RESOLVED by the Board of Mayor and Aldermen of the Municipality of the City of Fayetteville, Tennessee, as follows:

Section 1. Authority. The notes authorized by this resolution are issued pursuant to Sections 9-21-101, et seq., Tennessee Code Annotated, and other applicable provisions of law.

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

(a) "Bonds" means the Municipality's General Obligation Bonds authorized by initial resolution adopted by the Governing Body, as defined below, on the date hereof for the purpose of financing the Projects, as defined below;

(b) "Code" means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder;

(c) "Governing Body" means the Board of Mayor and Aldermen of the Municipality;

(d) "Municipality" means the City of Fayetteville, Tennessee;

(e) "Notes" means the General Obligation Bond Anticipation Notes of the Municipality authorized hereby;

(f) "Projects" shall mean (i) construction of roads in and for the Municipality; (ii) construction of curbs, gutters, sidewalks and similar right of way improvements in and for the Municipality (iii) acquisition of all property, real and personal, appurtenant to any of the foregoing; and (iv) payment of legal, fiscal, administrative, architectural and engineering costs incident to any of the foregoing;; and

(g) "Registration Agent" means the City Clerk or such other registration and paying agent appointed by the Mayor of the Municipality.

Section 3. Authorization and Terms of the Notes.

(a) For the purpose of providing funds to (i) pay the costs of the Projects, (ii) reimburse the appropriate fund of the Municipality for any expenditures previously expended for costs of the Projects, if any; and (iii) pay costs incident to the issuance and sale of the Notes, there are hereby authorized to be issued notes of the Municipality in the aggregate principal amount of not to exceed \$1,000,000. The Notes shall be issued in fully registered form, without coupons, shall be known as "General Obligation Bond Anticipation Notes" and shall be dated their date of issuance. The Notes shall bear interest at a rate or rates not to exceed 5.50% per annum, payable at maturity, or on such other date or dates as shall be determined by the Mayor pursuant to Section 7 hereof. The Notes shall be issued in not less than \$100,000 denominations or integral multiples thereof, as shall be requested by the purchaser thereof, and subject to modifications permitted in Section 7 hereof, shall mature, subject to prior optional redemption as hereinafter provided, on November 1, 2010, or such other date as shall be determined by the Mayor of the Municipality but in no event not later than two years from the date of issuance.

(b) The Notes shall be subject to redemption prior to maturity at the option of the Municipality at anytime after their issuance, as a whole or in part, at a redemption price of par plus accrued interest to the redemption date. Notice of call for redemption shall be given by the Registration Agent on behalf of the Municipality not less than ten (10) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Notes.

(c) The Municipality hereby authorizes and directs the Registration Agent to maintain Note registration records with respect to the Notes, to authenticate and deliver the Notes as provided herein, either at original issuance or upon transfer, to effect transfers of the Notes, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Notes as

provided herein, to cancel and destroy Notes which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the Municipality at least annually a certificate of destruction with respect to Notes canceled and destroyed, and to furnish the Municipality at least annually an audit confirmation of Notes paid, Notes outstanding and payments made with respect to interest on the Notes.

(d) The Notes shall be payable, both principal and interest, in lawful money of the United States of America at the office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Notes by check or draft on each interest payment date directly to the registered owners as shown on the Note registration records maintained by the Registration Agent on the applicable interest payment date, without, except for final payment, the presentation or surrender of such registered Notes, and all such payments shall discharge the obligations of the Municipality in respect of such Notes to the extent of the payments so made. Payment of principal of the Notes shall be made upon presentation and surrender of such Notes to the Registration Agent as the same shall become due and payable, except in the event the Notes are sold as a single Note with mandatory principal reductions whereby principal on said Notes shall be paid when due without presentation of said Note, except for final payment thereof. 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.

(e) The Notes are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Note(s) to be transferred with the form of assignment completed in full and signed with the name of the registered owner as it appears upon the face of the Note(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Note(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Note or the Note to the assignee(s) in \$100,000 denominations, or \$5,000 integral multiples in excess thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Note after notice of redemption has been given. No charge shall be made to any registered owner for the privilege of transferring any Note, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Notes shall be overdue. The Notes, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of the Notes of the same maturity in any authorized denomination or denominations.

(f) The Notes shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the Municipality with the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk.

(g) The Registration Agent is hereby authorized to authenticate and deliver the Notes to the original purchaser, 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 Note(s) to be transferred in proper form with proper documentation as hereinabove described. The Notes shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an authorized representative thereof on the certificate set forth herein on the Note form.

(h) In case any Note shall become mutilated, or be lost, stolen, or destroyed, the Municipality, in its discretion, shall issue, and the Registration Agent, upon written direction from the Municipality, shall authenticate and deliver, a new Note of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Note, or in lieu of and in

substitution for such lost, stolen or destroyed Note, or if any such Note shall have matured or shall be about to mature, instead of issuing a substituted Note the Municipality may pay or authorize payment of such Note without surrender thereof. In every case the applicant shall furnish evidence satisfactory to the Municipality and the Registration Agent of the destruction, theft or loss of such Note, and indemnity satisfactory to the Municipality and the Registration Agent; and the Municipality may charge the applicant for the issue of such new Note an amount sufficient to reimburse the Municipality for the expense incurred by it in the issue thereof.

Section 4. Source of Payment. The Notes shall be payable primarily from proceeds derived from the sale of the Bonds, in anticipation of which the Notes are issued. The Notes shall additionally be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality. For the prompt payment of principal of, premium, if any, and interest on the Notes, the full faith and credit of the Municipality are irrevocably pledged.

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

(Form of Note)

REGISTERED  
Number \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
COUNTY OF LINCOLN  
CITY OF FAYETTEVILLE  
GENERAL OBLIGATION BOND ANTICIPATION NOTE

Interest Rate:

Maturity Date:

Date of Note:

Registered Owner:

Principal Amount:

FOR VALUE RECEIVED, the City of Fayetteville, Tennessee (the "Municipality") 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 [at maturity or earlier redemption]. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the office of the City Clerk, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Note on each interest payment date directly to the registered owner hereof shown on the Note registration records maintained by the Registration Agent on the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at such owner's address shown on said registration records, without, except for final payment, the presentation or surrender of this Note, and all such payments shall discharge the obligations of the Municipality to the extent of the payments so made. [Payment of principal of this Note shall be made when due upon presentation and surrender of this Note

to the Registration Agent.] [Payment of principal of this Note shall be made when due without presentation and surrender of this Note to the Registration Agent except for final payment hereof.]

Notes of which this Note is one shall be subject to redemption prior to maturity at the option of the Municipality, as a whole or in part at any time, at the redemption price of par plus accrued interest to the redemption date. Notice of call for redemption shall be given by the Registration Agent not less than ten (10) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Notes.

This Note is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the office of the Registration Agent, 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 Note. Upon such transfer a new Note or Notes 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 Note is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Note shall be overdue. Notes, 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 Notes 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 Note after the notice calling such Note for redemption has been made.

This Note is one of a total authorized issue aggregating [\$1,000,000] and issued by the Municipality for the purpose of providing funds for (i) construction of roads in and for the Municipality; (ii) construction of curbs, gutters, sidewalks and similar right of way improvements in and for the Municipality (iii) acquisition of all property, real and personal, appurtenant to any of the foregoing; (iv) payment of legal, fiscal, administrative, architectural and engineering costs incident to any of the foregoing; (v) reimbursement of funds previously expended for the foregoing, if any; and (vi) payment of costs incurred in connection with the issuance and sale of the notes of which this Note is one, 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 Mayor and Aldermen of the Municipality on the \_\_\_ day of October, 2008 (the "Resolution").

This Note is payable primarily from proceeds derived from the sale of the bonds, in anticipation of which this Note is issued. This Note shall additionally be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality. For the prompt payment of principal of, premium, if any, and interest on this Note, the full faith and credit of the Municipality are irrevocably pledged. For a more complete statement of the general covenants and provisions pursuant to which this Note is issued, reference is hereby made to said resolution.

This Note 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 Note during the period the Note 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 Note 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 Note exist, have happened and have

been performed in due time, form and manner as required by law, and that the amount of this Note, together with all other indebtedness of the Municipality, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the Municipality has caused this Note to be signed by its Mayor with his manual or facsimile signature and attested by its City Clerk with her manual or facsimile signature under an impression or facsimile of the corporate seal of the Municipality, all as of the date hereinabove set forth.

CITY OF FAYETTEVILLE

BY: \_\_\_\_\_  
Mayor

ATTESTED:

\_\_\_\_\_  
City Clerk

Transferable and payable at the  
principal corporate trust office of:

City Clerk  
of the City of Fayetteville, Tennessee

Date of Registration: \_\_\_\_\_

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

City Clerk  
City of Fayetteville, Tennessee  
Registration Agent

By: \_\_\_\_\_  
City Clerk

(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 Note of the City of Fayetteville, Tennessee, and does hereby irrevocably constitute and appoint \_\_\_\_\_, attorney, to transfer the said Note 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 Note in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

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

Section 6. Levy of Tax. The Municipality, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the corporate limits of the Municipality, in addition to all other taxes authorized by law, sufficient to pay principal of, premium, if any, and interest on the Notes 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 and interest coming due on the Notes in said year. Principal 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 Municipality 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, revenues or Bond proceeds of the Municipality to the payment of debt service on the Notes.

Section 7. Sale of Notes. The Notes shall be sold by the Mayor at a public, informal bid or privately negotiated sale, as he shall determine, at a price of not less than the 99% of par amount of the Notes. The action of the Mayor in selling the Notes and fixing the interest rate on the Notes, so long as the interest rate or rates does not exceed 5.50% per annum, shall be binding on the Municipality and no further action of the Municipality with respect thereto shall be required. The Mayor is authorized to reduce the par amount of the Notes, to adjust the principal and interest payment dates of the Notes, to change the final maturity date of the Notes to a date other than November 1, 2010, so long as such date is not more than two years after the initial date of issuance of the Notes. Notwithstanding anything herein to the contrary, the Mayor is also authorized to cause the Notes to be issued in "draw-down" form, and to draw the principal amount thereof as and when needed (i) to finance the costs of the Projects and (ii) to reimburse the Municipality for funds previously expended for such purposes. The form of the Note as set forth in Section 5 hereof shall be modified to reflect any changes as set forth above.

No Notes shall be issued hereunder until more than twenty (20) days have passed since the publication in a newspaper of general circulation within the Municipality of the initial resolution authorizing the issuance of not to exceed \$1,000,000 general obligation bonds and no protest of such initial resolution has been filed with the City Clerk. In addition, no Notes shall be issued hereunder until after the approval of the State Director of Local Finance shall have been obtained as required by Sections 9-21-501 et seq., Tennessee Code Annotated.

Section 8. Disposition of Bond Proceeds. The proceeds of the sale of the Notes shall be paid to the City Clerk to be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency in a special fund known as the "2008 Bond Anticipation Note Construction Fund", or such other designated fund name as shall be determined by the Mayor (the "Construction Fund"), to be kept separate and apart from all other funds of the Municipality. The funds in the Construction Fund shall be disbursed solely to (i) pay the costs of the Projects, including necessary legal, accounting, engineering, architectural and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, rating agency fees, Registration Agent fees, bond insurance premiums (if any) and other necessary miscellaneous expenses incurred in connection

therewith; (ii) pay the costs incident to the sale and issuance of the Notes; and (iii) reimburse the Municipality for funds previously expended for the foregoing, if any. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Construction Fund. Money in the Construction Fund shall be expended only for the purposes authorized by this resolution. Any funds remaining in the Construction Fund, including any interest earnings thereon, after completion of the Projects and the purposes authorized by the this resolution and payment of authorized expenses shall be used to pay principal of, premium, if any, and interest on the Notes. Moneys in the Construction Fund shall be invested as directed by the City Clerk in such investments as shall be permitted by applicable law. Earnings on investments in the Construction Fund may either be retained in the Construction Fund and used for the same purposes as all other funds in the Construction Fund or used to pay interest on the Notes, as the Mayor in his discretion shall determine.

Section 9. Arbitrage. The Municipality recognizes that the purchasers and owners of the Notes 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 Notes. In this connection, the Municipality agrees that it shall take no action not omit to take any action which may cause the interest on any of said Notes to be included in gross income for federal income taxation. It is the reasonable expectation of the Governing Body of the Municipality that the proceeds of the Notes will not be used in a manner which will cause the Notes to be “arbitrage bonds” within the meaning of Section 148 of the Code, and to this end the said proceeds of the Notes 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 Notes 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 taxable. The Mayor and City Clerk, or either of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Notes as either or both shall deem appropriate, and such certifications shall constitute a representation and certification of the Municipality.

Section 10. Resolution a Contract. The provisions of this resolution shall constitute a contract between the Municipality and the registered 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 the Notes and interest due thereon shall have been paid in full.

Section 11. 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 12. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Section 13. Reimbursement. The Municipality expects to reimburse itself from the proceeds of the Notes for certain expenditures made by it in connection with the Projects. This resolution shall be placed in the minutes of the Governing Body and shall be made available for inspection by the general public at the office of the Governing Body. This resolution constitutes a declaration of official intent under Treas. Reg. §1.150-2.

Section 14. Qualified Tax-Exempt Obligations. The Governing Body hereby designates the Notes as "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended, if and to the extent the Notes may be so designated.

[remainder of page intentionally left blank]

Adopted and approved this 14<sup>th</sup> day of October, 2008.

/s/ Gwen Shelton  
Mayor

ATTEST:

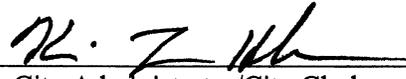
/s/ Kevin Helms  
City Administrator/City Clerk

STATE OF TENNESSEE        )

COUNTY OF LINCOLN        )

I, Kevin Helms, certify that I am the duly qualified and acting City Administrator/City Clerk of the City of Fayetteville, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the governing body of the Municipality held on October 14, 2008; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates not to exceed \$1,000,000 General Obligation Bond Anticipation Notes of said Municipality.

WITNESS my official signature this 14<sup>th</sup> day of October, 2008.

/s/   
\_\_\_\_\_  
City Administrator/City Clerk

7122041.2

Motion was made by Marty Pepper seconded by Joe Askins to authorize signature of resolution R-08-8. Upon roll call, the following voted:

Aye

Carolyn Denton  
Dorothy Small  
Joe Askins  
Marty Pepper  
Walter Sloan  
Richard Bolles

Nay

None

Mayor Shelton declared the resolution adopted.

The two bids were discussed for the fire pumper truck. Motion was made by Walter Sloan seconded by Marty Pepper to accept the low bid from Heritage of \$336,485. Upon roll call, the following voted:

Aye

Dorothy Small  
Joe Askins  
Marty Pepper  
Walter Sloan  
Richard Bolles  
Carolyn Denton

Nay

None

Mayor Shelton declared the motion adopted.

Motion was made by Dorothy Small seconded by Marty Pepper to move forward with bidding for street paving from the rating list. The amount budgeted for this work is \$429,000 which includes a carryover from 2005. Upon roll call, the following voted:

Aye

Joe Askins  
Marty Pepper  
Walter Sloan  
Richard Bolles  
Carolyn Denton  
Dorothy Small

Nay

None

Mayor Shelton declared the motion adopted.

Ordinance 2008-15, concerning deannexation of Bend of the River was considered, which is as follows:

**ORDINANCE NO. 2008- 15**  
**CITY OF FAYETTEVILLE, TENNESSEE**

**AN ORDINANCE TO CONTRACT THE CORPORATE BOUNDARY OF THE CITY OF  
FAYETTEVILLE, TENNESSEE.**

**WHEREAS**, Tennessee Code Annotated 6-51-201(b)(1) provides that any incorporated city or town may, after notice and public hearing, contract its limits within any given territory upon its own initiative or by ordinance when it appears in the best interest of the affected territory; and,

**WHEREAS**, a public hearing before this body was held on October 14, 2008, pursuant to a notice thereof published in the Elk Valley Times on September 23, 2008; and,

**NOW, THEREFORE, BE IT ORDAINED** by the Board of Mayor and Alderman of the City of Fayetteville, Tennessee as follows:

**SECTION 1.** The territory, currently part of the City of Fayetteville, shown on the attached map and further described below is hereby deleted from the City of Fayetteville:

PROPERTY OWNER	MAP	PARCEL	DEED BOOK	PAGE
Bend on Elk River, LLC	89	3.06	Z13	873
Bend on Elk River, LLC	89	4.0	C14	593

**SECTION 2.** This ordinance shall be effective from and after its passage, the public welfare requiring it.

ADOPTED THIS 14th DAY OF October, 2008.

  
\_\_\_\_\_  
MAYOR

  
\_\_\_\_\_  
CITY ADMINISTRATOR

Motion was made by Walter Sloan seconded by Joe Askins to adopt ordinance 2008-15. Upon roll call, the following voted:

Aye

Marty Pepper

Walter Sloan

Richard Bolles

Carolyn Denton

Dorothy Small

Joe Askins

Nay

None

Mayor Shelton declared ordinance 2008-15 adopted.

Ordinance 2008-16 concerning rezoning of the Elk Cotton Mill was considered, which is as follows:

**ORDINANCE NO. 2008-16**  
**CITY OF FAYETTEVILLE, TN**

**AN ORDINANCE TO AMEND ORDINANCE ENTITLED "ZONING ORDINANCE OF FAYETTEVILLE, TENNESSEE", TO PROVIDE FOR THE INCLUSION OF REQUIRED REGULATORY CHANGES OF THE ZONING MAP.**

**WHEREAS, the Fayetteville Regional Planning Commission has recommended to the Board of Mayor and Aldermen that the "Zoning Map of Fayetteville, Tennessee", be amended as hereafter described, and;**

**NOW, THEREFORE, BE IT ORDAINED, that the "Zoning Ordinance of Fayetteville, Tennessee" be amended as follows: Change zoning classification for the following described real estate from R-2 to C-3, herein described as:**

**Maps and Parcels as follows:**

	MAP	PARCEL	DEED BOOK	PAGE
Barley Enterprises, LLC.	68	38.03	E14	125

**BE IT FURTHER ORDAINED that this Ordinance take effect from and after its passage, the public welfare requiring it.**

**ADOPTED THIS** 14th **DAY OF** October, **2008**

  
\_\_\_\_\_  
**City Administrator**

  
\_\_\_\_\_  
**Mayor**

Motion was made by Walter Pepper seconded by Richard Bolles to adopt ordinance 2008-16. Upon roll call, the following voted:

<u>Aye</u>	<u>Nay</u>
Walter Sloan	None
Richard Bolles	
Carolyn Denton	
Dorothy Small	
Joe Askins	
Marty Pepper	

Mayor Shelton declared Ordinance 2008-16 adopted.

The annexation policy was considered for adoption, which is as follows:

CITY OF FAYETTEVILLE, TENNESSEE

RESOLUTION NO. R-08-9

A RESOLUTION ADOPTING A PROCESS FOR CONSIDERING ANNEXATION OF TERRITORY INTO THE CITY OF FAYETTEVILLE

WHEREAS, The City of Fayetteville desires to adopt procedures allowing it to clearly comply with State laws when considering the annexation of territory into the city; and

WHEREAS, the City of Fayetteville also desires that internal procedures be prescribed so that the city board and members of the planning commission can proceed toward consideration of annexation with a clear understanding of their respective roles in the process; and

NOW, THEREFORE, the Board of Mayor and Aldermen of the City of Fayetteville, Tennessee hereby adopts the attached "Annexation Process" shown as Attachment A, attached hereto, it being the desire of the board that all annexations be conducted in accordance with the procedures set forth in the attachment.

Passed and so ordered this the 15th day of October 2008, the public welfare requiring it.



City Administrator



Mayor

ANNEXATION PROCESS

September 23, 2008

I. **INTRODUCTION**

Annexation is almost always a contentious process. The home or business owner commonly feels that the city cannot provide services that he/she is not already receiving and does not desire to pay city property taxes on top of county property taxes, which he already pays. His view of annexation is about his situation as a citizen and a taxpayer. It is rarely about the welfare or betterment of the city.

From the city's perspective, many residents and businesses just outside the city are already receiving city services in the form of water, recreation, and sometimes fire protection services. City services make it possible for the more affluent home owners to build outside the city and enjoy the same urban benefits as city residents without sharing in the cost of those services. In short, they would not be there if it were not for the city.

The city's primary interest in annexation is to promote orderly growth and development in as efficient a manner as possible. It is cheaper in the long run for all concerned for streets to be installed and maintained properly, for water and sewer lines to be properly sized to avoid the cost of replacement as fire and other services are extended in the future. When the city installs sanitary sewer in a newly annexed area, the city almost always loses money.

II. **PROCEDURES**

1. **The city receives a written request for annexation; a petition by residents requesting annexation; or the city of its own initiative determines that the health, safety, and welfare of residents of a territory adjoining the city**

would be better served by annexation. The city might also determine that it is in the best interest of the city to annex the area. [TCA 6-51-102]. The city might also determine that it does not desire to proceed with the matter of annexation. The best way to deal with this issue is for someone on the city board to move that the city initiate its annexation process. This simply initiates the process and does not mean that the city will annex any given territory. After reviewing the annexation study and required plan of services, the city might well determine that it is not economically feasible to annex the area. Absent this approval the city does not pursue the annexation.

2. If the motion to initiate the process passes, the matter of annexation is then referred by the city administrator to the planning director for study and a recommendation from the planning commission. The planning commission has 90 days to study and review the matter of annexation and is required by law to make a recommendation to the city board. The city board may, at its discretion, and by resolution, grant a longer period for review by the planning commission. The planning staff will prepare the annexation study and plan of services, in coordination with other city staff. [TCA 6-51-107]. The city may not annex territory to which it adjoins without referring the matter of annexation to the planning commission. The city is required to re-initiate the planning process if it amends the map depicting the territory proposed for annexation. The annexation plan of services may be amended, after it has been adopted, only as the result of unusual circumstances and in all cases subject to a public notice and hearing as required by law.
3. Upon completion of the annexation study and plan of services, the city administrator shall prepare, or have prepared, an ordinance annexing the territory proposed for annexation or a resolution for annexation by referendum, if the board chooses to pursue the annexation by referendum, in accordance with TCA 6-51-104,105. The primary advantage of a referendum, provided that 50% + one vote in favor, is that they are not subject to court review. The plan of services should be prepared in resolution form.

4. If after reviewing and considering the annexation study and plan of services, the city board wishes to continue the annexation by ordinance, the board shall enact a resolution authorizing notice of a public hearing on the plan of services to be published in the Elk Valley Times at least 15 days prior to the date of the hearing as well as a notice of the annexation ordinance seven (7) days in advance of a hearing on the ordinance. The notice shall include a map clearly identifying the location of the territory proposed for annexation (with street names and other topographical features). The hearing for the plan of services and annexation ordinance may be held on the same day. Prior to the 15 day notice, the City Administrator shall notify the County Tax Assessor, County School Superintendent, and the State Department of Revenue.
5. The city is required to adopt the plan of services prior to final passage of the ordinance annexing the territory(s).
6. Upon final passage of the annexation ordinance a 30 day appeal period begins. During this time residents of the area being annexed may challenge the legality of the annexation in court. The city is also required, during this 30 day period to:
  - a. Notify the County Mayor of the annexation, and such notice shall include a copy of the ordinance and a map of the area or areas being annexed.
  - b. Notify the emergency communication district of the portion of the plan of services dealing with emergency services, and include a map of the annexed area or areas. The map shall identify all public and private streets in the area to be annexed, including street names and direction indicators. The map shall include or have appended a list of address ranges for each street to be annexed. For contested annexation ordinances, in cases in which the city plans to begin providing emergency services in the annexed territory immediately, the city shall notify the district when the annexation becomes final. The required notice to the emergency communication district shall be by certified return receipt mail or other method that assures receipt by the district. [TCA 6-51-119].

- c. **Notify the Fayetteville Utility Board of any proposed annexation at the same time that the notice for the plan of services is published.**
        - d. **If a suit is filed challenging the annexation, the annexation is suspended, and the case is heard by the court according to the annexation law. The city shall notify the County Mayor of the outcome of any litigation regarding the annexation.**
        - e. **Upon completion of the 30 day appeal period, if no challenge is initiated, the annexation becomes final, and the city shall:**
          - i. **Notify the Tennessee Department of Revenue of the annexation and its boundaries before July 1 so that the department can calculate the annexation date revenue due the county and reallocate local option sales tax collections accordingly after July 1.**
          - ii. **Notify beer wholesalers selling beer in the annexed area of the name of each beer retailer in the annexed area to ensure payment of wholesale beer taxes to the city rather than the county, as provided by TCA 57-6-106(i).**
          - iii. **Notify franchise holders for city services and other users of formerly county roads that such roads are now city streets.**
          - iv. **Take a census of the annexed area in accordance with the regulations of the Local Planning Office of the Department of Economic and Community Development and submit the results to that office before June 1.**
7. **When petitioned by interested persons, or upon its own initiative, by resolution, the city may propose extension of its corporate boundaries by referendum. The resolution shall describe the territory proposed for annexation, shall be published by posting copies of it in at least three public places in the territory proposed for annexation and in a like number of public places in the city proposing such annexation, and by publishing notice of such resolution at or about the same time in the Elk Valley Times. The resolution shall also include a plan of services for the area proposed for annexation. The plan of services shall address the same services and timing of services as required in TCA 6-51-102. Upon adoption of the plan of**

services, the city administrator shall forward a copy of the resolution to the Lincoln County Mayor.

At least thirty (30) days after and not more than sixty (60) days after the last of such publications, the proposed annexation of territory shall be submitted by the county election in an election held on the request and at the expense of the City of Fayetteville, for approval or disapproval of the qualified voters who reside in the territory proposed for annexation in accordance with TCA 6-51-105.

Annexed property is placed on the city's tax role on the January 1 assessment date following the annexation.

Motion was made by Marty Pepper seconded by Dorothy Small to adopt the annexation policy as recommended by the Planning Commission. The motion was amended to add the Resolution Number R-08-9. Upon roll call, the following voted:

Aye

Richard Bolles  
Carolyn Denton  
Dorothy Small  
Joe Askins  
Marty Pepper  
Walter Sloan

Nay

None

Mayor Shelton declared R-08-9 adopted.

All firefighters attended the meeting and presented a watch to Walter Sloan for his years of service to the City as a volunteer fireman.

Joe Askins expressed his appreciation to the Board of Mayor and Aldermen for approving the plans to improve River Road.

After departments were given, motion was made, seconded, and unanimously adopted to adjourn.

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Mayor

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CLERK