

PUBLIC HEARING
SEPTEMBER 9, 2008

A public hearing was held at the Municipal Building on September 9, 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

Proposed changes to the portable stand ordinance were discussed.

No one appeared in opposition to this ordinance.

The public hearing was closed.

Mayor

Clerk

REGULAR MEETING
BOARD OF MAYOR AND ALDERMEN
SEPTEMBER 9, 2008

REFERENCE VIDEO DATED SEPTEMBER 9, 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 September 9, 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 Jack Atchley, and the Pledge of Allegiance was led by Randal Griner.

Motion was made by Joe Askins seconded by Marty Pepper to approve the minutes of the August meeting. Upon roll call, the following voted:

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

Mayor Shelton declared the minutes approved.

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

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

Mayor Shelton declared the bills and additional bills approved

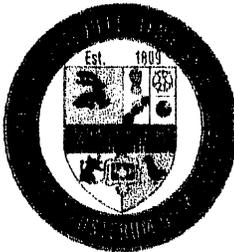
Britt Dye gave the report on FPU activities, and Nathan Ward gave the IDB report.

The Title VI Compliance Plan was discussed by Kevin Helms as follows:

City of Fayetteville

Gwen Shelton, Mayor
Joe Askins, Vice Mayor
Kevin Helms, City Adm.

Phone (931) 433-6154
Fax (931) 433-2557



Alderman:
Richard "Dickie" Bolles
Carolyn Denton
Marty Pepper
Walter Sloan
Dorothy Small

"Where Tradition Meets Tomorrow"

110 Elk Avenue South * Fayetteville, TN 37334 * www.fayettevilletn.com

July 11, 2008

CITY OF FAYETTEVILLE TITLE VI ASSURANCE

City of Fayetteville assures that no person shall on the grounds of race, color, national origin, or sex, as provided by Title VI of the Civil Rights Act of 1964 and as amended, and the Civil Rights Restoration Act of 1987 (P.I. 100.259) be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity, including and those receiving Federal financial assistance from the Tennessee Department of Transportation (TDOT).

City of Fayetteville further assures every effort will be made to ensure nondiscrimination in all of its programs and activities, whether those programs or activities are federally funded or not.

In the event the City of Fayetteville distributes Federal Assistance to a consultant, contractor or subcontractor and other participants, the City of Fayetteville will include Title VI language in all written agreements and will monitor the consultant, contractor or sub-contractor and other participants for compliance. The City of Fayetteville Title VI Coordinator is responsible for initiating and monitoring Title VI activities, preparing required reports and other responsibilities as required by 23 CFR 200 and 49 CFR 21.

As required by the contractual agreement, the City of Fayetteville will comply with the applicable laws and regulations relative to nondiscrimination, including federally or state assisted programs of the Tennessee Department of Transportation (TDOT).

Mayor

Date

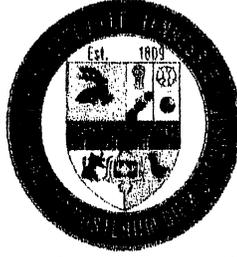
Title VI Coordinator

Date

City of Fayetteville

Gwen Shelton, Mayor
Joe Askins, Vice Mayor
Kevin Helms, City Adm.

Phone (931) 433-6154
Fax (931) 433-2557



Alderman:
Richard "Dickie" Bolles
Carolyn Denton
Marty Pepper
Walter Sloan
Dorothy Small

"Where Tradition Meets Tomorrow"

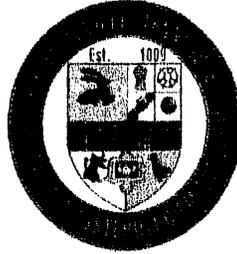
110 Elk Avenue South * Fayetteville, TN 37334 * www.fayettevilletn.com

1. I am scheduled to attend a training session in Knoxville on August 21, 2008. This will update the previous training that I received in 2002.
2. We will add a statement to our new employee packet that outlines our responsibilities as employees of the City under Title VI. Each new employee will have to sign a statement that they have received this information. It will give them the name of the Title VI coordinator as a contact in the event that they have questions about the program. A copy of this statement is included with this packet. See item number three for further training information.
3. I hold quarterly meetings with each department throughout the year. During one of these meetings each year, I will take the opportunity to train new employees and do a refresher for current employees on our responsibilities under Title VI. Each employee will be required to sign an attendance roster.
4. The City of Fayetteville has two contracts in place to provide services to individuals who speak little or no English. The first service is provided through a local resident who serves as an in person translator for Spanish speaking individuals. In the event that another language is needed or that immediate Spanish translation is needed, we subscribe to Language Line Services through our Emergency Communication Department. Any employee of the City may call the Communication Center and be patched through to this service. Brochures that describe the service will be made available at all locations that have direct contact with the public. This information will be covered during the annual Title VI training sessions. A copy of the LEP policy is included with this packet. This policy will be posted where the public can see it. We will also attempt to get our local translator to translate it into Spanish so that it can be posted in both languages.
5. We have posters and brochures available in both English and Spanish at the Municipal Building that inform the public about Title VI. These brochures have been downloaded from the TDOT website. We will supplement this with an advertisement in the local newspaper and on our website. We will also look into the possibility of running a notice on our local cable channel. A copy of the advertisement to be published is included in this packet.
6. The City has established the attached Complaint and Hearing Procedures.
7. The City has developed the attached Complaint Log to be maintained by the Title VI coordinator. A copy of the log has been included with this packet.
8. We will instruct our City Attorney, Grant Writing Organizations, Engineers, Architects, and other appropriate individuals to be sure that all future contracts contain Title VI assurance language. A copy of one of these letters is included with this packet.

City of Fayetteville

Gwen Shelton, Mayor
Joe Askins, Vice Mayor
Kevin Helms, City Adm.

Phone (931) 433-6154
Fax (931) 433-2557



Alderman:
Richard "Dickie" Bolles
Carolyn Denton
Marty Pepper
Walter Sloan
Dorothy Small

"Where Tradition Meets Tomorrow"

110 Elk Avenue South * Fayetteville, TN 37334 * www.fayettevilletn.com

9. We will instruct all individuals listed in item number eight, as well as our purchasing department, to include voluntary language in all bid documentation to collect ethnicity and gender data on all vendors. Based upon this information, we will also have demographic data on those vendors who are awarded contracts with the City. This information is covered in the letter mentioned in item number eight, as well as a sample of the form to be used by our internal departments is included with this packet.
10. We will notify all vendors on the TDOT DBE list in our region, and adjoining regions where appropriate, when we are soliciting bids on City projects.
11. We have instituted a form to be used to monitor a contractor's compliance with Title VI. After a contractor is initially notified of their responsibilities under Title VI at the beginning of a project, we will use the compliance review at least once a year while the project is ongoing. A copy of the form to be used is included with this packet.
12. While no written procedure has existed to ensure diversity on boards, consideration to maintaining equal representation is always given by the Board of Mayor and Aldermen when making appointments. This is evidenced by the fact that the Planning Commission has one African-American and two females on a seven member board. Additionally, the City appoints representatives to twelve total boards. All of these boards, except two, have minority and/or female representation. One of the boards lacking representation has only three total members. In an effort to continue our diversity in board appointments, the attached policy will be adopted.
13. We will adopt the attached Title VI assurances and forward a copy to all of the individuals listed in item numbers eight and nine.
14. During the past calendar year, the City of Fayetteville held three meetings where the general public was invited to attend and communicate with elected officials and Department Heads. These sessions were advertised in the paper and covered through notices on our local cable channel during our Board of Mayor and Aldermen meetings. We will continue to hold these on a periodic basis. Additionally, anyone is encouraged to request being placed on the agenda of the Board of Mayor and Aldermen meetings when they would like to address the elected officials on a particular topic. This method is used quite often. A similar approach can be taken with the Planning Commission. Approximately one year ago, the Planning Commission mailed a survey to all households in our City to allow the public to rate our services and offer comments. This will be updated every two to three years. A similar survey was conducted about the same time relating solely to Parks and Recreation Activities. We also seek volunteers for our various boards, as well as, have a number of community members on committees that serve in the Three Star process. All of these methods will continue to be used to include

City of Fayetteville

Gwen Shelton, Mayor
Joe Askins, Vice Mayor
Kevin Helms, City Adm.

Phone (931) 433-6154
Fax (931) 433-2557



Alderman:
Richard "Dickie" Bolles
Carolyn Denton
Marty Pepper
Walter Sloan
Dorothy Small

"Where Tradition Meets Tomorrow"

110 Elk Avenue South * Fayetteville, TN 37334 * www.fayettevilletn.com

the public in our processes. A copy of the survey results has been included with this packet. A copy of one of the three advertisements for our community meetings has been included with this packet.

City of Fayetteville

Gwen Shelton, Mayor
Joe Askins, Vice Mayor
Kevin Helms, City Adm.

Phone (931) 433-6154
Fax (931) 433-2557



Alderman:
Richard "Dickie" Bolles
Carolyn Denton
Marty Pepper
Walter Sloan
Dorothy Small

"Where Tradition Meets Tomorrow"

110 Elk Avenue South * Fayetteville, TN 37334 * www.fayettevilletn.com

New Employee Notification

As an employee of the City of Fayetteville, I understand that I have the responsibility to abide by all of the requirements of Title VI of the Civil Rights Act. Title VI ensures that all interested parties, without regard to race, color, or national origin, shall be afforded equal representation with regard to the delivery of services offered by the City of Fayetteville. I further understand that training will be provided to me during the next year, with refresher training to be provided each year thereafter. If I have questions regarding Title VI, I understand that I may contact the Title VI coordinator, Kevin L. Helms.

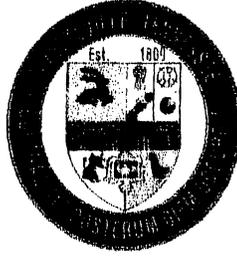
Employee Signature

Date

City of Fayetteville

Gwen Shelton, Mayor
Joe Askins, Vice Mayor
Kevin Helms, City Adm.

Phone (931) 433-6154
Fax (931) 433-2557



Alderman:
Richard "Dickie" Bolles
Carolyn Denton
Marty Pepper
Walter Sloan
Dorothy Small

"Where Tradition Meets Tomorrow"

110 Elk Avenue South * Fayetteville, TN 37334 * www.fayettevilletn.com

Limited English Proficiency (LEP) Procedure

It is the policy of the City of Fayetteville not to discriminate against anyone with LEP. The following steps have been taken to ensure that everyone, including those with LEP, will have access to the services provided by the City.

1. The City of Fayetteville subscribes to the Language Line Services and all offices with direct contact with the public will have training and "I Speak" cards available.
2. Once language needs are determined, employees may work directly with the citizen or call in a supervisor to assist if the event is not life threatening.
3. A determination will be made as to the best method for providing services.
4. An employee may contact our local contractor for in person Spanish translation if needed. Otherwise, an employee may contact the Emergency Communication Center to be patched through to Language Line Services for all other languages or for Spanish translation via the telephone.
5. In an emergency situation, employees may use any resources available to them to accommodate the citizen.

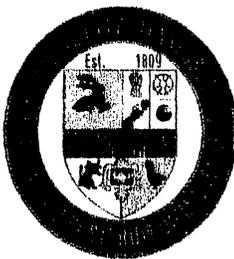
Anyone who thinks that they have been discriminated against due to LEP should contact:

Kevin L. Helms
City Administrator/
Title VI Coordinator
(931) 433-6154
110 Elk Avenue South
Fayetteville, TN 37334

City of Fayetteville

Gwen Shelton, Mayor
Joe Askins, Vice Mayor
Kevin Helms, City Adm.

Phone (931) 433-6154
Fax (931) 433-2557



Alderman:
Richard "Dickie" Bolles
Carolyn Denton
Marty Pepper
Walter Sloan
Dorothy Small

"Where Tradition Meets Tomorrow"

110 Elk Avenue South * Fayetteville, TN 37334 * www.fayettevilletn.com

Public Notice

City of Fayetteville Title VI Nondiscrimination Statement

The City of Fayetteville ensures compliance with Title VI of the Civil Rights Act of 1964: 49 CFR, part 21; related statutes and regulations to the end that no person shall be excluded from participation in or be denied benefits of, or be subjected to discrimination under any program or activity on the grounds of race, color, sex, or national origin.

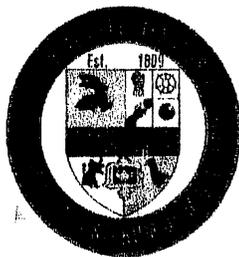
Any person who believes he or she has been discriminated against should contact:

Kevin L. Helms
City Administrator/
Title VI coordinator
110 Elk Avenue South
Fayetteville, TN 37334
(931) 433-6154

City of Fayetteville

Gwen Shelton, Mayor
Joe Askins, Vice Mayor
Kevin Helms, City Adm.

Phone (931) 433-6154
Fax (931) 433-2557



Alderman:
Richard "Dickie" Bolles
Carolyn Denton
Marty Pepper
Walter Sloan
Dorothy Small

"Where Tradition Meets Tomorrow"

110 Elk Avenue South * Fayetteville, TN 37334 * www.fayettevilletn.com

Title VI Complaint and Hearing Procedure Policy

A complainant may contact the Title VI coordinator to lodge an official complaint. A valid complaint should include the name, address, phone number, and signature of the individual filing the complaint. A brief description of the actions which led to the alleged violation should be provided to the Title VI coordinator at this time. Complaints should be filed within 180 days of the alleged violation.

Complaints filed against the City of Fayetteville will be logged into the official complaint log and forwarded to the appropriate State or Federal agency within 5 business days.

Complaints filed against contractors, sub-contractors, and other agencies employed by the City of Fayetteville will be logged into the official complaint log and investigated by the City using the following guidelines.

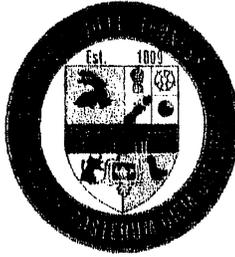
Processing Complaints

1. An initial report will be forwarded to the appropriate State or Federal agency and the entity that the complaint has been lodged against within 5 business days.
2. The Title VI coordinator may personally investigate the charges or assign someone to investigate the charges and report the findings to them.
3. The investigation will begin within 5 business days of the initial report being mailed.
4. The complainant will be contacted by the investigator to schedule and conduct an interview.
5. The investigator will then meet with the entity that has been accused of the violation to give them and opportunity to refute the charges.
6. The investigator may request supporting documentation or interview other witnesses if they determine that the information is needed to substantiate or refute the accusations.
7. The investigator will complete a written report that documents the investigation and their determination as to the validity of the charges. If corrective action is needed in the event that the charges are valid, the corrections and the date by which the corrections are needed will be included in the report.
8. The complainant, accused, and all appropriate State or Federal agencies will be forwarded a copy of the final report.
9. The Title VI coordinator shall ensure that all corrective action is taken within the time allotted.

City of Fayetteville

Gwen Shelton, Mayor
Joe Askins, Vice Mayor
Kevin Helms, City Adm.

Phone (931) 433-6154
Fax (931) 433-2557



Alderman:
Richard "Dickie" Bolles
Carolyn Denton
Marty Pepper
Walter Sloan
Dorothy Small

"Where Tradition Meets Tomorrow"

110 Elk Avenue South * Fayetteville, TN 37334 * www.fayettevilletn.com

10. Failure to take corrective action within the recommended time will result in the entity being prohibited from doing business with the City of Fayetteville.
11. The complainant or accused has the right to appeal the City's decision to the appropriate State or Federal agency within fourteen business days of the final report being issued.

City of Fayetteville

Gwen Shelton, Mayor
Joe Askins, Vice Mayor
Kevin Helms, City Adm.

Phone (931) 433-6154
Fax (931) 433-2557



Alderman:
Richard "Dickie" Bolles
Carolyn Denton
Marty Pepper
Walter Sloan
Dorothy Small

"Where Tradition Meets Tomorrow"

110 Elk Avenue South * Fayetteville, TN 37334 * www.fayettevilletn.com

CONTRACTOR CONTRACTUAL REQUIREMENTS

ATTACHMENT 1

During the performance of this contract, the contractor, for itself, its assignees and successors in interest (hereinafter referred to as the "contractor") agrees as follows:

1. **Compliance with Regulations.** The contractor shall comply with the Regulations relative to nondiscrimination in all programs, including federally assisted programs of the Department of Transportation (hereinafter, "DOT") Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time (hereinafter referred to as the Regulations), which are herein incorporated by reference and made a part of this contract.
2. **Nondiscrimination.** The contractor, with regard to the work performed by it during the contract, shall not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The contractor shall not participate either directly or indirectly in the discrimination prohibited by section 21.5 of the Regulations, including employment practices when the contract covers a program set forth in Appendix B of the Regulations.
3. **Solicitations for Subcontracts, Including Procurements of Materials and Equipment.** In all solicitations either by competitive bidding or negotiation made by the contractor for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the contractor of the contractor's obligations under this contract and the Regulations relative to nondiscrimination on the grounds of race, color, or national origin.
4. **Information and Reports.** The contractor shall provide all information and reports required by the Regulations or directives issued pursuant thereto and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the City to be pertinent to ascertain compliance with such Regulations, orders, and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish this information, the contractor shall so certify to the City and shall set forth what efforts it has made to obtain the information.
5. **Sanctions for Noncompliance.** In the event of the contractor's noncompliance with the nondiscrimination provisions of this contract, the City shall impose such contract sanctions as it may determine to be appropriate, including, but not limited to:
 - a. Withholding of payments to the contractor under the contract until the contractor complies, and/or
 - b. Cancellation, termination, or suspension of the contract, in whole or in part.
6. **Incorporation of Provisions.** The contractor shall include the provisions of paragraphs 1 through 5 in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Regulations or directives issued Pursuant thereto. The contractor shall take such action with respect to any subcontract or procurement as the City may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, the contractor may request the City to enter into such litigation to protect the interests of the City.

Voluntary Bidder Information

In order to comply with Title VI of the Civil Rights Act, the City of Fayetteville strives to afford all bidders, vendors, and citizens the same opportunities without regard to their race, color, or national origin. Please assist us with our compliance efforts by completing the voluntary statistical information about your company ownership.

Gender: Male _____ Female _____

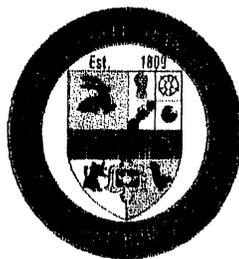
Race: Caucasian _____ Black/African American _____ Hispanic _____

American Indian/Alaskan Native _____ Asian _____

Native Hawaiian/Other Pacific Islander _____ Other _____

City of Fayetteville

Gwen Shelton, Mayor
Joe Askins, Vice Mayor
Kevin Helms, City Adm.



Alderman:
Richard "Dickie" Bolles
Carolyn Denton
Marty Pepper
Walter Sloan
Dorothy Small

Phone (931) 433-6154
Fax (931) 433-2557

"Where Tradition Meets Tomorrow"

110 Elk Avenue South * Fayetteville, TN 37334 * www.fayettevilletn.com

City of Fayetteville Monitoring of Contractors/Consultants

Name of Contractor: _____ Date Completed: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

1. Are Title VI posters visible to staff? If yes, where?
2. Are all Physical Areas (i.e. restrooms, dining rooms, waiting rooms, etc.) provided without regard to race, color, or national origin?
3. How is Title VI information disseminated to new/current employees?
4. Describe how small minority, female, and certified disadvantaged business are solicited to participate on contracts.
5. What process has been established to track and monitor ethnicity and gender of any contractors awarded contracts/sub-contracts?
6. Provide documentation to show that contracts contain non-discrimination assurance language?
7. Provide complaint procedures and attach complaint log form.
8. Provide Limited English Proficiency Communications Plan (i.e., how do you communicate with persons that speak a language other than English.)

The below Title VI Assurance is to Be Submitted on Company Letterhead:

Contractor/Consultant Name assures that no person shall on the grounds of race, color, national origin, or sex, as provided by Title VI of the Civil Rights Act of 1964 and as amended, and the Civil Rights Restoration Act of 1987 (P.I. 100.259) be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity conducted on behalf of the City of Fayetteville.

DECLARATION OF RESPONDENT: I declare that I have completed this form to the best of my knowledge and believe it to be true and correct.

Name of Authorized Official

City of Fayetteville

Gwen Shelton, Mayor
Joe Askins, Vice Mayor
Kevin Helms, City Adm.

Phone (931) 433-6154
Fax (931) 433-2557



Alderman:
Richard "Dickie" Bolles
Carolyn Denton
Marty Pepper
Walter Sloan
Dorothy Small

"Where Tradition Meets Tomorrow"

110 Elk Avenue South * Fayetteville, TN 37334 * www.fayettevilletn.com

Policy on Board Appointments

The Board of Mayor and Aldermen of the City of Fayetteville will continue to make every effort to ensure that all Boards appointed by this body have the proper diversity to reflect the interests of our citizens as a whole. These appointments will attempt to include individuals of various races, color, gender, and national origin.

Motion was made by Walter Sloan seconded by Dorothy Small to adopt the Title VI Compliance Plan. Upon roll call, the following voted:

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

Mayor Shelton declared the motion adopted.

Motion was made by Walter Sloan seconded by Richard Bolles to approve up to 10% of the cost of the access roads project to be used for surveying and legal costs. Upon roll call, the following voted:

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

Mayor Shelton declared the motion adopted.

Motion was made by Walter Sloan seconded by Marty Pepper to authorize the Fire Chief to take bids per the specifications presented for a fire truck. This purchase would be made from the Capital Projects fund and would come back to the Board for approval. Upon roll call, the following voted:

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

Mayor Shelton declared the motion adopted.

The FPU bond issue was discussed. The Initial Resolution for the bonds was discussed, which is as follows:

INITIAL RESOLUTION authorizing the issuance of a \$3,500,000 Water and Sewer Revenue and Tax Bond, Series 2008 of the City of Fayetteville, Tennessee.

BE IT RESOLVED by the Board of Mayor and Aldermen of the City of Fayetteville, Tennessee that for the purpose of financing in part the construction of essential public works or facilities, consisting of water and sewer system improvements and extensions, there shall be issued a bond of said municipality in the aggregate principal amount not to exceed \$3,500,000, which shall bear interest at a rate not to exceed two and three quarters (2.75%) per annum, and which shall be payable from revenues of the water and sewer system operated for the municipality by its Board of Public Utilities, subject to prior lien bonds, and, in the event such revenues are insufficient therefor, from ad valorem taxes to be levied on all taxable property within the municipality.

BE IT FURTHER RESOLVED that, in anticipation of the issuance of this bond, the municipality may issue one or more bond anticipation or capital outlay notes in an aggregate principal amount not to exceed \$3,350,000 and bearing interest at rates not in excess of the maximum rate permitted by applicable law, and may enter into loan agreements with a public building authority in connection therewith, which notes shall be payable from the sources described above, and from the proceeds of the sale of the bond.

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 a \$3,500,000 Water and Sewer Revenue and Tax Bond, Series 2008 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 bond, such bond will be issued as proposed.

Kevin Helms, City Administrator and
City Clerk

Adopted and approved this 9th day of September, 2008.

/s/ Gwen Shelton
Mayor

ATTEST:

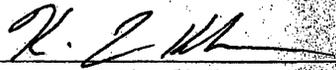
/s/ Kevin Helms
City Clerk

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 regular meeting of the governing body of said municipality held on September 9, 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 a \$3,500,000 Water and Sewer Revenue and Tax Bond, Series 2008 of said municipality.

WITNESS my official signature and the seal of said municipality, this 9th day of September, 2008.

/s/ 

City Clerk

(SEAL)

7002001.2

Motion was made by Walter Sloan seconded by Joe Askins to authorize signature of this initial resolution. 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 following bond resolution authorizing issuance of the 3.5 million revenue and tax bonds was discussed, which is as follows:

A RESOLUTION AUTHORIZING THE ISSUANCE OF A THREE MILLION FIVE HUNDRED THOUSAND DOLLAR (\$3,500,000) WATER AND SEWER REVENUE AND TAX BOND, SERIES 2008 OF THE CITY OF FAYETTEVILLE, TENNESSEE; PROVIDING FOR THE COLLECTION AND DISPOSITION OF THE REVENUES FROM THE WATER AND SEWER SYSTEM OF THE MUNICIPALITY; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BOND; ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM, AND THE LEVY OF A TAX UNDER CERTAIN CONDITIONS FOR THE PAYMENT OF PRINCIPAL AND INTEREST ON THE BOND; AND PROVIDING DETAILS RELATING TO THE ISSUANCE OF BOND ANTICIPATION NOTES.

WHEREAS, City of Fayetteville is duly incorporated pursuant to Chapter 294 of the 1903 Private Acts of the State of Tennessee, as amended; and

WHEREAS, it is necessary and advisable to authorize the issuance of a revenue and tax deficiency bond of the municipality for the purpose of obtaining funds to aid in financing the construction of improvements and extensions to its water and sewer system; and

WHEREAS, the Board of Mayor and Aldermen of the City of Fayetteville, Tennessee did on the date hereof, adopt an Initial Resolution authorizing the bond; and

WHEREAS, the Board of Mayor and Aldermen of the City of Fayetteville, Tennessee, wishes to fix the term of the proposed bond and to authorize its issuance following publication of the Initial Resolution, all as required by law.

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

Section 1. Authority. The bond authorized by this resolution is 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) "Board" shall mean the Municipality's Board of Public Utilities;
- (b) "the Bond" shall mean the \$3,500,000 Water and Sewer Revenue and Tax Bond, Series 2008 of the Municipality, authorized to be issued by this resolution;
- (c) "Current Expenses" shall mean expenses incurred by the Municipality in the operation of the System, determined in accordance with generally accepted accounting principles, including the reasonable and necessary cost of operating, maintaining, repairing and insuring the System, including the cost of obtaining potable water, salaries, wages, cost of material and supplies and insurance premiums,

but shall exclude depreciation and payments of principal, premium and interest when due with respect to all bonds, notes or other obligations of the Municipality;

(d) "the Governing Body" shall mean the Board of Mayor and Aldermen of the Municipality;

(e) "the Government" shall mean the United States of America, acting through Rural Development;

(f) "Gross Earnings" shall mean all revenues, rentals, earnings and income of the System from whatever source, determined in accordance with generally accepted accounting principles, including all revenues derived from the operation of the System; proceeds from the sale of property; proceeds of insurance and condemnation awards and compensation for damages, to the extent not applied to the payment of the cost of repairs, replacements and improvements; and all amounts realized from the investment of funds of the System, including money in any accounts and funds created by this resolution and resolutions authorizing any Prior Lien Bonds, Parity Bonds or subordinate lien bonds;

(g) "the Municipality" shall mean the City of Fayetteville, Tennessee;

(h) "Net Revenues" shall mean Gross Earnings of the System from all sources after deduction of Current Expenses;

(i) "the Operation and Maintenance Fund" shall mean the Operation and Maintenance Fund established pursuant to Section 6 hereof if no such fund exists on the date of the delivery of the Bond;

(j) "the Original Purchaser" shall mean the purchaser of the Bond as specified in Section 11 hereof;

(k) "Parity Bonds" shall mean bonds issued on a parity with the Bond herein authorized in accordance with the restrictive provisions of Section 10 hereof;

(l) "Prior Lien Bonds" shall mean the Municipality's outstanding State Revolving Fund Loan dated September 9, 1996 and the Loan Agreement dated June 1, 2005 between the Public Building Authority of Coffee County, Tennessee and the Municipality;

(m) "the Project" shall mean the improvements and extensions to the System which are to be constructed in part from the proceeds of the sale of the Bond in accordance with an engineering report and plans and specifications dated June 2007 and prepared by Consolidated Technologies, Inc., (herein sometimes called "the Consulting Engineers"); and

(n) "the Revenue Fund" shall mean the revenue fund into which all revenues of the System shall be deposited as provided in Section 6 hereof;

(o) "the System" shall mean the complete water and sewer system of the Municipality owned by the Municipality and operated by the Board, together with, and including, the Project, and all water and sewer properties of every nature hereafter owned by the Municipality, including all improvements and extensions made by the Municipality while the Bond or Parity Bonds remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the water and sewer system, and including all appurtenances, contracts, leases, franchises and other intangibles.

Section 3. Authorization and Terms of the Bond. For the purpose of procuring funds to pay part of the cost of constructing the Project, including the payment of legal, fiscal and engineering costs incident thereto, and interest during construction of the Project and for six (6) months thereafter, there is hereby authorized to be issued a revenue and tax deficiency bond of the Municipality in the principal amount of not to exceed \$3,500,000. The Bond shall be in the form of a fully registered installment bond, without coupons, shall be known as Water and Sewer Revenue and Tax Bond, Series 2008, and shall be dated as of the date of delivery thereof. The Bond shall bear interest at a rate not to exceed two and three-quarters percent (2.75%) per annum and shall be payable in four hundred fifty-six (456) equal consecutive monthly installments of principal and interest in an amount sufficient to fully amortize the Bond over the period of such installments. The annual principal and interest payment of the Bond at the maximum interest rate of two and three-quarters percent (2.75%) per annum is \$148,680. The first installment of principal and interest shall be due and payable one (1) calendar month following the date of the Bond, unless the Bond is dated on a day after the twenty-eighth (28th) day of the month, in which event the first installment shall be due and payable on the twenty-eighth (28th) day of the next calendar month following the date of the Bond, and all subsequent installments shall be due and payable on the same day of each month thereafter. In all events, the final, four hundred fifty-sixth (456th) installment shall be in the amount of the entire unpaid balance of principal and interest on the Bond. All payments in respect of the Bond, principal and interest, shall be made directly to the registered owner at its address shown on the Bond registration records of the Municipality, without, except for final payment, the presentation or surrender of such registered Bond, and all such payments shall discharge the obligation of the Municipality in respect of such Bond to the extent of the payments so made. The records of the owner of the Bond shall be conclusively presumed to be correct with respect of amount of payments made and outstanding principal balance. Upon final payment, the Bond shall be submitted to the City Clerk of the Municipality, as bond registrar, for cancellation.

The Municipality shall have the right, at its option, to prepay the Bond or any installment thereof, in whole or in part, at any time, without penalty. Any partial prepayment, after payment of interest, shall be applied to the installments last to become due under the Bond and shall not affect the obligation of the Municipality to pay the remaining installments as they come due. Notice of prepayment shall be given to the registered owner of the Bond not less than thirty (30) days prior to the date of prepayment, unless waived by the registered owner.

The Municipality hereby appoints the City Clerk of the Municipality to act on behalf of the Municipality as registrar and paying agent for the Bond. The Bond is transferable by the registered owner thereof, or by its attorney duly authorized in writing, on the registration records of the Municipality, upon presentation of the Bond to the registrar for transfer with the form of assignment attached thereto completed in full and signed with the name of the registered owner. All transferees shall take the Bond subject to such condition. The Municipality may treat the registered owner as the absolute owner hereof for all purposes and shall not be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue.

The Bond shall be signed by the Mayor of the Municipality, shall be attested by the City Clerk and shall have impressed thereon the corporate seal of the Municipality.

Section 4. Source of Payment. The Bond shall be payable primarily from and be secured by a pledge of the Net Revenues, subject to the pledge of those Revenues in favor of the Prior Lien Bonds; and in the event such revenues are insufficient therefor, the Bond shall be payable from ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality. For the prompt payment of principal and interest on the Bond, the full faith, credit and resources of the Municipality are hereby irrevocably pledged.

Section 5. Form of Bond. The Bond, the registration provisions and form of assignment shall be in substantially the following form, the omissions to be appropriately completed when the Bond is prepared and delivered:

(Form of Fully Registered Bond)

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF LINCOLN
CITY OF FAYETTEVILLE
WATER AND SEWER REVENUE AND TAX BOND, SERIES 2008

R-1

\$3,500,000

KNOW ALL MEN BY THESE PRESENTS: That the City of Fayetteville, a municipal corporation lawfully organized and existing in Lincoln County, Tennessee (the "Municipality"), for value received hereby promises to pay to the registered owner hereof, or its registered assigns, in the manner and from the revenues hereinafter provided, the sum of Three Million Five Hundred Thousand Dollars (\$3,500,000), with interest on the unpaid balance hereof at the rate of _____ Percent (_____%) per annum from the date hereof until the principal amount hereof shall have been fully paid. This Bond is payable in four hundred fifty-six (456) consecutive monthly installments of principal and interest in the amount of \$_____ each. The first installment shall be due and payable on _____, and all subsequent installments shall be due and payable on the same day of each month thereafter. In all events, the final, four hundred fifty-sixth (456th) installment shall be in the amount of the entire unpaid balance of principal and interest on the Bond. Both principal hereof and interest hereon are payable in lawful money of the United States of America by electronic fund transfer or by check or draft mailed to the registered owner at the address shown on the bond registration records of the Municipality, and such payments shall discharge the obligation of the issuer hereof to the extent of the payments so made. Upon final payment this Bond shall be submitted to the City Clerk of the Municipality, as Bond Registrar, for cancellation.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Municipality. Any partial prepayment shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of the Municipality to pay the remaining installments as they come due. Notice of prepayment shall be given to the registered owner hereof not less than thirty (30) days prior to the date of prepayment, unless waived by the registered owner.

This Bond shall be transferable by the registered owner hereof, or by its attorney duly authorized in writing, on the registration records of the City Clerk of the Municipality at the office of the City Clerk of the Municipality, upon presentation of the Bond to the registrar for transfer with the form of assignment attached hereto completed in full and signed with the name of the registered owner. All transferees shall take this Bond subject to such condition. The Municipality may treat the registered owner as the absolute owner hereof for all purposes, and shall not be affected by any notice to the contrary whether or not any payments due on this Bond shall be overdue.

This Bond is issued by the Municipality for the purpose of paying part of the cost of constructing water and sewer system improvements and extensions for the Municipality 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 _____, 2008 (the "Resolution").

This Bond is payable primarily from and secured by a pledge of the income and revenues to be derived from the operation of the water and sewer system of the Municipality (the "System"), subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring said System and to prior pledges of such revenues in favor of the Municipality's outstanding

The Municipality has covenanted and does hereby covenant that it will fix and impose such rates and charges for the services rendered by the System and will collect and account for sufficient revenues to pay promptly the principal of and interest on this Bond as each becomes due. In the event of a deficiency of such revenues, this Bond is payable from unlimited ad valorem taxes to be levied on all taxable property within the Municipality. For the prompt payment of such principal and interest in the event of a deficiency of such revenues, the full faith, credit, and resources of the Municipality are irrevocably pledged. For a more complete statement of the revenues from which and conditions under which this Bond is payable, a statement of the conditions on which obligations may hereafter be issued on a parity with this Bond, the general covenants and provisions pursuant to which this Bond is issued and the terms upon which the above described resolution may be modified, reference is hereby made to the Resolution.

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

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

IN WITNESS WHEREOF, City of Fayetteville, Tennessee, has caused this Bond to be signed by its Mayor and attested by its City Clerk under the corporate seal of the Municipality, all as of this _____ day of _____, 2008.

CITY OF FAYETTEVILLE, TENNESSEE

(SEAL)

BY: _____
Mayor

ATTEST:

City Clerk

(Form of Assignment)

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto _____ the within Bond of the City of Fayetteville, Tennessee, and does hereby irrevocably appoint _____ attorney to transfer the said Bond on the registration records of the City Clerk of the City of Fayetteville, Tennessee, as Bond Registrar, with full power of substitution in the premises.

Dated: _____

WITNESS:

(Form of Registration Provisions)

(No writing in this blank except by the Registrar)

Date of Registration	In Whose Name Registered	Signature of Registrar
	USDA Rural Development 1520 Market Street St. Louis, MO 63013	

Section 6. Application of Revenues and Levy of Tax. From and after the delivery of the Bond hereunder, and as long as the Bond shall be outstanding and unpaid either as to principal or as to interest, the entire income and revenues of the System shall be deposited as collected in the System Revenue Fund and used first to satisfy the contractual obligations set forth in any resolution(s) authorizing Prior Lien Bonds. The income and revenues remaining after satisfying such obligations shall be used as follows:

(a) To the extent not provided for in resolutions authorizing Prior Lien Bonds, money in the Revenue Fund shall be used first from month to month for the payment of Current Expenses;

(b) The money remaining in the Revenue Fund after payment of Current Expenses shall next be used, if no such fund exists, to fully fund a separate fund to be designated as the Water and Sewer System Operation and Maintenance Fund which, together with any money already on deposit in said fund, or in any corresponding fund established by resolution authorizing Prior Lien Bonds, will equal one-fourth (1/4th) of the amount budgeted for Current Expenses for the current Fiscal Year by the Governing Body of the Municipality as provided in Section 8(f) hereof; provided, however, that in no event shall the amount on deposit in the Operation and Maintenance Fund exceed one-fourth (1/4th) of the amount budgeted for Current Expenses for the current Fiscal Year, and any excess over such amount at the end of any Fiscal Year shall be returned to the Revenue Fund. If in any month the money in the Revenue Fund shall be insufficient to place the required amount in the Operation and Maintenance Fund, the deficiency shall be made up in the following month or months after payment of Current Expenses. Money on hand in the Operation and Maintenance Fund shall be used only for the payment of Current Expenses as the same become due;

(c) The money remaining in the Revenue Fund after the Operation and Maintenance Fund shall have been fully funded shall next be used to pay principal of and interest on the Bond and Parity Bonds as the same become due;

(d) Money thereafter remaining in the Revenue Fund may be used to pay principal of and interest on (including reasonable reserves therefor) any bonds payable from the revenues of the System but junior and subordinate in all respects to the Bond authorized by this resolution;

(e) Money on deposit in the Funds described in this Section may be invested in such investments as shall be permitted by Tennessee law. Funds in the accounts established herein may be pooled with each other and with accounts and funds established pursuant to resolutions authorizing Prior Lien Bonds for investment purposes. Segregated bank accounts need not be maintained for invested funds so long as any accounts and funds are segregated on the books and records of the Municipality and their use restricted to the purposes set forth herein. All income derived from such investments shall be regarded as revenues of the System and shall be deposited in the Revenue Fund;

(f) The Revenue Fund and the Operation and Maintenance Fund shall be held and maintained by the Municipality and, when not invested, kept on deposit with a financial institution regulated by and the deposits of which are insured by the Federal Deposit Insurance Corporation, or similar federal agency. All moneys in such Funds so deposited shall at all times be secured to the extent and in the manner required by applicable Tennessee law;

(g) The Municipality will comply with all provisions of the resolution(s) authorizing Prior Lien Bonds so long as any such bonds are outstanding, and will maintain all funds provided for therein in the maximum amounts required. Any excess amounts after such maximum amounts have been reached and any balance in such funds after such Bonds have been retired shall be transferred to the corresponding funds created by this resolution and used as herein provided;

(h) The Municipality will levy and collect such ad valorem taxes as may be necessary, together with other available funds after payment of Current Expenses, to provide for debt service on the Bond and Parity Bonds and to build up and maintain the Funds required by this Section, which tax may be reduced to the extent the revenues of the System are sufficient to meet the requirements of this resolution. All proceeds from such tax shall be deposited in the Revenue Fund.

Section 7. Charges for Services Supplied by the System. While the Bond remains outstanding and unpaid, the Municipality covenants and agrees that it will permit no free service to be furnished to any consumer or user whatsoever, and the charges for all services supplied through the medium of the System to the Municipality and its residents and to all consumers shall be reasonable and just, taking into account and consideration the cost and value of the System and the cost of maintaining and operating the System, and the proper and necessary allowances for the depreciation thereof, and the amounts necessary for the payment of principal of and interest on the Bond payable from such revenues, and there shall be charged against all users of the services of the System such rates and amounts as shall be fully adequate to meet the requirements of Section 6 of this resolution.

The Municipality will bill its customers on a monthly basis and will discontinue service to any customer whose bill remains unpaid sixty (60) days following the mailing of such bill, until such bill and penalties shall have been paid in full.

Section 8. Covenants Regarding the Operation of the System. The Municipality hereby covenants and agrees with the owner of the Bond so long as the Bond is outstanding:

(a) That the Municipality will maintain the System in good condition in an efficient manner and at reasonable cost;

(b) That the Municipality will maintain insurance on the properties of the System for the benefit of the owner of the Bond of a kind and in an amount which would normally be carried by private companies engaged in a similar type of business. The proceeds of any such insurance, except public liability insurance, received by the Municipality shall be used to replace the part or parts of the System damaged or destroyed, or if not so used shall be placed in the Revenue Fund;

(c) That the Municipality will cause to be kept proper books and accounts adapted to the System, and will cause the books and accounts to be audited at the end of each Fiscal Year by an independent certified public accountant. Each such audit, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include the following:

(1) A statement in detail of the revenues and expenditures of the System and the excess of revenues over expenditures for the Fiscal Year;

(2) A statement showing beginning and ending balances of each Fund described herein;

(3) A balance sheet as of the end of the Fiscal Year;

(4) The accountant's comments regarding the manner in which the Municipality has carried out the requirements of this resolution and the accountant's recommendations with respect to any change or improvement in the operation of the System;

(5) A list of insurance policies in force at the end of the Fiscal Year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer and the expiration date of the policy;

(6) The number and classifications of customer service connections to the System as of the end of the Fiscal Year;

(7) The disposition of any Bond or Parity Bond proceeds during the Fiscal Year;

(8) A statement as to all breaches or defaults hereunder by the Municipality of which the accountants have knowledge or, in the alternative, a statement that they have no knowledge of any such breach or default.

All expenses incurred in the making of the audits required by this subsection shall be regarded and paid as Current Expenses. The Municipality further agrees to furnish copies of such audits to the owner of the Bond within one hundred fifty (150) days after the close of each Fiscal Year. The owner of the Bond shall have at all reasonable times the right to inspect the System and the records, accounts and data of the Municipality relating thereto. If the Municipality fails to provide the audits and reports required by this subsection, the owner of the Bond may cause such audits and reports to be prepared at the expense of the Municipality;

(d) That the Municipality will faithfully and punctually perform all duties with reference to the System required by the constitution and laws of the State of Tennessee, including the making and collecting of reasonable and sufficient rates for services rendered by the System as above provided, and will apply the revenues of the System to the purposes and funds specified in this resolution;

(e) That the Municipality will not sell, transfer, lease, mortgage, or otherwise encumber, or in any manner dispose of the System, or any part thereof, including any and all extensions and additions that may be made thereto, or any facility necessary for the operation thereof, without the prior written consent of the owner of the Bond; provided, however, that to the extent it may do so without impairing the rights of the owners of Prior Lien Bonds, but only with the prior written consent of the owner of the Bond, the Municipality may at any time permanently abandon the use of, or sell at fair market value, any of the System facilities, provided that:

(1) It is in full compliance with all covenants and undertakings in connection with all of its bonds then outstanding and payable from the revenues of the System and the funds required hereunder have been established and contributions thereto are current;

(2) It will, in the event of sale, apply the proceeds to either (a) to redemption or prepayment of bonds payable from revenues of the System in accordance with the provisions governing repayment of such bonds in advance of maturity, or (b) replacement of the facility so disposed of by another facility the revenues of which shall be incorporated into the System as hereinafter provided; and

(3) It certifies, prior to any abandonment of use, that the facility to be abandoned is no longer economically feasible of producing Net Revenues;

(f) That, prior to the beginning of each Fiscal Year, the Governing Body of the Municipality will prepare, or cause to be prepared, and adopt a budget of estimated Gross Earnings, Current Expenses and capital expenditures for the System for the ensuing Fiscal Year, and will undertake to operate the System within such budget to the best of its ability. Copies of such budgets and amendments thereto will

be made available to the owner of the Bond upon request. The Municipality covenants that Current Expenses and capital expenditures incurred in any Fiscal Year will not exceed the reasonable and necessary amounts therefor and that it will not expend any amounts or incur any obligations in excess of the amounts provided for Current Expenses and capital expenditures in the budget except upon resolution by its Governing Body. It is further covenanted that if the estimated Gross Earnings for the succeeding Fiscal Year shall be insufficient to make all payments and transfers and satisfy all the obligations provided in Section 6 hereof, then the Municipality will promptly revise rates charged to users of the System to provide Gross Earnings sufficient for such purpose;

(g) That each officer of the Municipality or person other than banks or other financial institutions having custody of funds of the System shall be under fidelity bond coverage at all times in such amount as may be required by state law and by the holder of the Bond;

(h) The Municipality will not construct, finance or grant a franchise for the development or operation of facilities that compete for service with the services to be provided by the System or consent to the provision of any such services in the area currently served by the Municipality by any other public or private entity and will take all steps necessary and proper, including appropriate legal action to prevent any such entity from providing such service.

(i) That the Municipality will operate the System as a unified water and sewer system for accounting purposes under the Board.

Section 9. Remedies of Bond Owners. Any owner of the Bond may either at law or in equity, by suit, action, mandamus or other proceedings, in any court of competent jurisdiction enforce and compel performance of all duties imposed upon the Municipality by the provisions of this resolution, including the making and collecting of sufficient rates, the segregation of the income and revenues of the System and proper application thereof, and the levy and collection of ad valorem taxes to meet the obligations of the Municipality under this resolution.

If any default be made in the payment of principal of or interest on the Bond or Parity Bonds, then upon the filing of suit by any owner of said bonds or coupons appertaining thereto, any court having jurisdiction of the action may appoint a receiver to administer the System in behalf of the Municipality with power to charge and collect rates sufficient to provide for the payment of all bonds and obligations outstanding against the System and for the payment of operating expenses, and to apply the income and revenues thereof in conformity with the provisions of this resolution.

Section 10. Equality of Lien; Prohibition of Prior Lien; Parity Bonds. The Municipality will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenues of the System having priority over the Bond herein authorized.

Additional bonds may hereafter be issued on a parity with the Bond herein authorized under the following conditions but not otherwise:

(a) Additional bonds may be issued on a parity with the Bond herein authorized without regard to the requirements of subsection (b) of this section, but solely for the purpose of completing the Project; and

(b) Additional bonds may also be issued on a parity with the Bond herein authorized if the Net Revenues of the System for the Fiscal Year preceding the issuance of such additional bonds are equal to at least 120% percent of the average annual requirements for principal and interest on all obligations then outstanding and payable from the revenues of the System together with the proposed Parity Bonds;

provided, that the limitations of this subsection (b) may be waived or modified by the written consent of the owner of the Bond.

Section 11. Sale of Bond and Issuance of Bond Anticipation Notes. The Bond shall be sold to the Government at a price of par and accrued interest. The Mayor and City Clerk of the Municipality are authorized to execute and deliver the Bond and any Bond Anticipation Notes and Interim Certificates of Indebtedness hereafter authorized and to execute such certificates and documents as they shall deem necessary in connection with the sale and delivery of the Bond.

For the purpose of providing funds to finance construction of the Project as herein described and in anticipation of the proceeds of the Bond, the Municipality may issue Bond Anticipation Notes under authority of Section 9-21-401 (also referred to hereinafter as "Notes") in accordance with the following procedures and restrictions:

- (a) The total principal amount of the Notes may not exceed \$3,350,000 (principal of the Bond less capitalized interest);
- (b) The notes shall be designated "Bond Anticipation Notes" and shall be numbered serially beginning with the number 1. The Notes shall be issued in fully registered form, without coupons, and shall be dated as of the date of the issuance thereof, shall mature not later than two (2) years thereafter and shall be of such denominations as may be agreed upon by the Mayor and the purchaser of the Notes;
- (c) The Notes shall bear interest at a rate not to exceed the maximum rate permitted by applicable law, payable at such time as the Mayor and the purchaser of the Notes shall agree;
- (d) The Notes shall be subject to prepayment upon such terms as the Mayor shall agree;
- (e) The Notes shall be executed and signed in the name of the Municipality by the Mayor and attested by the City Clerk;
- (f) The Notes shall be in a form prepared by bond counsel and consistent with the terms of this resolution with the Mayor's execution of the Notes being deemed his approval;
- (g) The Mayor is authorized, at his or her election, to enter into one or more loan agreements, in substantially the form attached hereto as Exhibit A, with a public building authority, to further evidence the Municipality's obligation with respect to the Notes;
- (h) Notes issued pursuant to this Section shall be payable from the Net Revenues of the System, subject to prior pledges of such Revenues in favor of holders of the Prior Lien Bonds. In the event of a deficiency of such Revenues, there shall be levied upon all taxable property in the Municipality, in addition to all other taxes, a direct annual tax for each of the years while said Notes, or any of them, are outstanding, in amounts sufficient to pay interest on and the principal of the Notes. Principal of and interest coming due any time when there shall be insufficient funds on hand to pay the same shall be promptly paid when due from the general funds and reimbursement shall be made to such fund or funds in the amount of the sums thus advanced when taxes provided for that purpose shall have been collected; provided, however, that when the Bond authorized by this resolution shall have been issued, the principal proceeds of such Bond in an amount not exceeding the principal amount of Notes issued hereunder and then outstanding (together with any accrued interest provided for from the Bond proceeds) shall be applied to the retirement of such Notes and such proceeds are hereby pledged for the benefit of the note holder(s);

(i) The Notes shall be sold by the Mayor in whole or in part from time to time at not less than par and accrued interest and said Notes shall thereupon be delivered to the purchaser(s) by the Recorder upon payment therefor. The action of the Mayor in selling the Notes and fixing the interest rate or rates on the Notes, but not exceeding the maximum rate permitted by applicable law, and fixing the denomination and maturity dates of such Notes, shall be binding on the Municipality, and no further action by the Governing Body shall be necessary in reference thereto;

(j) The Notes shall not be issued until after the passage of twenty (20) days from the date of publication of the Initial Resolution authorizing the Bond in a newspaper of general circulation in the Municipality, and in no event shall such Notes be issued if a petition signed by at least ten percent (10%) of the registered voters in the Municipality is filed protesting the issuance of the Bond within the prescribed twenty-day period;

(k) Included within the term "Bond Anticipation Notes" are Interim Certificates of Indebtedness ("Interim Certificates") which may be issued to the Original Purchaser of the Bond upon the terms and conditions herein provided. The combined principal amount of Bond Anticipation Notes and Interim Certificates outstanding at any one time shall not exceed the total principal amount of the Bond authorized by this resolution less the capitalized interest (as hereafter defined), if any, provided for as part of the principal amount of the Bond. The Bond purchase price paid by the Government shall be reduced by the principal amount of Interim Certificates held by it, including accrued interest thereon, and such Interim Certificates shall be delivered by the Government to the Municipality at the time of delivery of the Bond;

(l) The proceeds of the sale of the Notes shall be deposited in the Construction Fund hereafter created;

(m) The Notes are hereby designated "qualified tax exempt obligations" as such term is defined and used in Section 265 of the Internal Revenue Code of 1986, as amended, and any lawful regulation promulgated thereunder.

Section 12. Disposition of Bond Proceeds. The proceeds of the sale of the Bond shall be applied as follows:

(a) an amount not to exceed \$150,000, to the extent needed, shall be used to pay interest on the Bond Anticipation Notes and the Bond for the period of construction of the Project and for six (6) months thereafter;

(b) an amount equal to the outstanding principal balance of the Bond Anticipation Notes shall be used to retire the Bond Anticipation Notes in full; and

(c) the balance of the proceeds of the sale of the Bond and any grant funds received by the Municipality shall be deposited with a financial institution regulated by and the deposits of which are insured by the Federal Deposit Insurance Corporation or similar federal agency, in a special fund known as the Water and Sewer System Construction Fund (the "Construction Fund") and shall be disbursed solely for the payment of the costs of constructing the Project, including costs of legal, administrative and clerical costs, expenses of issuance and sale of the Bond, and other necessary miscellaneous expenses or the retirement of the Bond Anticipation Notes. 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 statutes, by a pledge of readily marketable securities having at all times a market value of not less than the amount in the Construction Fund. Money in the Construction Fund shall be expended only for the purposes authorized by this resolution. Any proceeds from the sale of the Bond remaining in

the Construction Fund after the Project has been constructed, shall be used at the earliest practicable date for the prepayment of the Bond as herein provided. Any funds, including both loan and grant funds, provided by the Government for Project costs, but not needed to pay Project costs, will be considered to be Government grant funds and returned to the Government Finance Office. If the amount of unused Government funds exceeds the Government grant amount, the excess will be considered to be Government loan funds and used to prepay the Bond as provided above.

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

Section 14. Modification of Resolution. The terms, covenants and agreements set forth in this resolution may be modified or amended by resolution of the Governing Body, consented to in writing by the owner of the Bond.

Section 15. Defeasance. So long as the Government is the owner of the Bond herein authorized, the Municipality shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the lien of the Bond herein authorized without immediately prepaying the Bond.

Section 16. Reasonably Expected Economic Life. The "reasonably expected economic life" of the System after completion of the Project within the meaning of Sections 9-21-101, *et seq.*, Tennessee Code Annotated, is thirty-eight (38) years.

Section 17. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 18. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Adopted and approved this ____ day of _____, 2008.

CITY OF FAYETTEVILLE, TENNESSEE

BY: _____
Mayor

ATTEST:

City Clerk

* * * * *

Pursuant to motion duly made and carried, the meeting adjourned.

/s/ Gwen Shelton
Mayor

ATTEST:

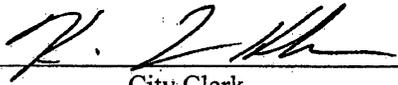
/s/ Kevin Helms
City Clerk

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 regular meeting of the Governing Body of that municipality held on September 9, 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 a \$3,500,000 Water and Sewer Revenue and Tax Bond, Series 2008 of the Municipality.

WITNESS my official signature and the seal of the municipality, this 9th day of September, 2008.

/s/ 

City Clerk

(SEAL)

EXHIBIT A TO BOND RESOLUTION

7002188.1

Motion was made by Joe Askins seconded by Marty Pepper to authorize signature of this resolution.
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 USDA resolution concerning the 3.5 million FPU bond issue was discussed, which is as follows:

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE _____

OF THE FAYETTEVILLE CITY OF

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS Fayetteville Public Utilities Sewer System

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the FAYETTEVILLE CITY OF
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

THREE MILLION FIVE HUNDRED THOUSAND AND XX / 100 DOLLARS (\$3,500,000.00)

pursuant to the provisions of _____ ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$ 705,000.00

under the terms offered by the Government; that Mayor

and City Administrator of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas Six Nays None Absent None

IN WITNESS WHEREOF, the Board of Mayor and Aldermen of the

FAYETTEVILLE CITY OF has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 9th day of September, 2008

(SEAL)

Attest:

K. L. Helms

Kelvin L. Helms

Title City Administrator

FAYETTEVILLE CITY OF

By

Gwen Shelton

Gwen Shelton

Title

Mayor

Motion was made by Joe Askins seconded by Dorothy Small to authorize signature of this resolution. 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.

Motion was made by Joe Askins seconded by Dorothy Small to approve an additional \$1006.71 as part of a grant for recycling equipment. The amount originally approved was based on an 80/20 match and the grant was actually for a 70/30 match. 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.

Ordinance 2008-14, concerning a clarification on the portable stand ordinance, was considered as follows:

ORDINANCE NO. 2008-14
CITY OF FAYETTEVILLE, TENNESSEE

**AN ORDINANCE AMENDING MUNICIPAL CODE OF
FAYETTEVILLE, TENNESSEE**

WHEREAS, it has been determined that a need exists to amend Chapter 11, Section 9-1103 of the Fayetteville Municipal Code for the public welfare and prosperity of the community; and,

WHEREAS, the amendments was reviewed and a public hearing was held by the Fayetteville Board of Mayor and Aldermen on September 9, 2008; and,

NOW, THEREFORE, BE IT ORDAINED by the City of Fayetteville Board of Mayor and Aldermen that:

SECTION 1. Municipal Code Chapter 11: Section 9-1103; Permits be amended as follows:

The Original Text States: "Prior to any portable stand being set a permit shall be obtained from the building official for the placement of the stand. No permit fee shall be charged if the items displayed, sold or given away are in the general line of the principal business on the lot, otherwise a fee of five dollars (\$5.00) shall be charged for the permit provided the permit is obtained prior to the placement of the stand and a fee of \$25.00 provided the permit is obtained after the placement of the stand. A permit shall only be valid for a thirty (30) day period and not more than two permits shall be issued for the same location in succession. The stand shall be moved at the expiration of the permit."

Replace the Original Text With: "Prior to any portable stand being set a permit shall be obtained from the building official for the placement of the stand. No permit fee shall be charged if the items displayed, sold or given away are in the general line of the principal business on the lot, otherwise an annual fee of two-hundred (\$200.00) dollars shall be charged for the permit provided the permit is obtained prior to the placement of the stand and an annual fee of four hundred (\$400.00) dollars provided the permit is obtained after the placement of the stand. A permit shall only be valid for one (1) year from the date of issuance and no portable stand shall be located in any one location for more than sixty (60) days during said one (1) year period. In the event that a permit holder chooses to locate said stand in a new location, permit holder shall obtain a new permit at no charge if within original one (1) year period. The stand shall be moved from the location at the expiration of the sixty (60) day period."

Non-profit groups and vendors with portable stands at non-profit and/or civic events shall be exempt from the ordinance.

SECTION 2. The amendment is hereby enacted and any section in conflict therewith is hereby repealed and stricken.

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

Adopted this the 9th day of September, 2008.



Mayor



City Administrator

Motion was made by Walter Sloan seconded by Dorothy Small to adopt ordinance 2008-14. 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 Richard Bolles seconded by Marty Pepper to call a public hearing for the October meeting to consider the deannexation of Bend of the River. Upon roll call, the following voted:

Aye

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

Nay

None

Mayor Shelton declared the motion adopted.

Motion was made by Walter Sloan seconded by Marty Pepper to call a public hearing for the October meeting to consider rezoning to C3 of the Cotton Mill. 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.

Mayor Shelton advised due to the death of Cleveland Shelton, a replacement was needed for the Board of Zoning Appeals and asked for recommendations.

Chief Carver read a press release concerning the September 20 Trail of Tears event.

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

Mayor

CLERK