

LOUDON COUNTY COMMISSION WORKSHOP

Loudon, Tennessee
Monday, December 16, 2019
County Building
6 P.M.

REVISED AGENDA

12/12/2019

AGENDA

1. **Comments by Members of the General Public**

2. **Planning & Codes – Laura Smith**

Added Items

A. A RESOLUTION TO AMEND THE LOUDON COUNTY ZONING RESOLUTION, ARTICLE 7. ADMINISTRATON AND ENFORCEMENT PURSUANT TO TENNESSEE CODE ANNOTATED, SECTION 13-7-105

B. A RESOLUTION TO AMEND THE LOUDON COUNTY ZONING RESOLUTION, SECTION 4.090. STANDARDS FOR SIGNS, BILLBOARDS, AND OTHER ADVERTISING STRUCTURES, PURSUANT TO TENNESSEE CODE ANNOTATED, SECTION 13-7-105

3. **Mayor – Buddy Bradshaw**

A. Courthouse Update / Courthouse Annex

B. ADA Funding

C. Resolution to Consent and Authorize Execution of Lease and License Agreement (Loudon County Utilities Board (LUB), City and County)

D. Boards & Committees

4. **Tellico Area Service Systems - Superintendent Mark Clinton**

A. Brief summary of the proposed TASS financing

B. Word version of the recommending resolution adopted by the TASS Board in September

C. State's consent to this bond issue (to be on parity with outstanding SRF loans)

D. An initial draft of the bond resolution that would be presented to the Loudon County Commission (a tandem resolution would be presented to the Monroe County Commission)

E. A Resolution Authorizing Loudon County to Submit a 2020 Community Development Block Grant Application

5. Commissioner – Kelly Brewster

A. Update on LCSW Board regarding the contract modification with Santek

6. Commissioner – Van Shaver

A. Update on the use of Loudon County roads for organized events, bicycles, joggers etc.

7. Director of Accounts & Budgets – Tracy Blair

A. Budget Recommendations

These pages
were added to the
Agenda
on
12/12/2019

**LOUDON COUNTY, TENNESSEE
COUNTY COMMISSION
RESOLUTION _____**

**A RESOLUTION TO CONSENT AND AUTHORIZE
EXECUTION OF LEASE AND LICENSE AGREEMENT**

WHEREAS, the historic Loudon County Courthouse suffered extensive damage from a fire which occurred on April 23, 2019, thus resulting in the loss of use of the Circuit and Chancery Court courtrooms, the offices of the Clerk and Master and Circuit Court Clerk, and other government agencies;

WHEREAS, the City of Loudon, Tennessee (“**CITY**”) and Loudon County Utilities Board (“**LUB**”) desire to lend assistance to **LOUDON COUNTY** (“**COUNTY**”) and its citizens by providing a building and/or facilities in the old City Hall (“City Hall Property”) and/or the Council Chambers located in the new City of Loudon Municipal Building (“Council Chambers”) for the **COUNTY** to operate the courts, clerks’ offices, and other government agencies, such as Soil Conservation;

WHEREAS, the **CITY**, **LUB**, and **COUNTY** wish to memorialize the terms and respective obligations regarding the use of such facilities in the form of a Lease and License Agreement attached hereto as **Exhibit A**; and

NOW THEREFORE, BE IT RESOLVED, by the Loudon County Commission, in regular session assembled this 5th day of August, 2019, the County Commission hereby authorizes the execution of the Lease and License Agreement attached as **Exhibit A** for the provision of facilities for the Circuit and Chancery Court courtrooms, the offices of the Clerk and Master and Circuit Court Clerk, and other governmental agencies affected by the fire.

BE IT FURTHER RESOLVED, this resolution shall take effect immediately, the public welfare requiring it.

ATTEST:

Carrie McKelvey, County Clerk

APPROVED:

Henry Cullen, Commission Chairman

Rollen (Buddy) Bradshaw, Mayor

Exhibit A

Lease and License Agreement

LEASE AND LICENSE AGREEMENT

THIS LEASE AND LICENSE AGREEMENT made and entered into on this ____ day of August, 2019 ("Lease Date"), by and between LOUDON COUNTY, a political subdivision of the State of Tennessee, (hereinafter "**COUNTY**") and LOUDON UTILITIES BOARD, a municipal corporation operating under the Municipal Electric Plant Law of 1935, (hereinafter "**LUB**"), and a subdivision of the CITY OF LOUDON, TENNESSEE, a political subdivision of the State of Tennessee (hereinafter "**CITY**").

WITNESSETH:

WHEREAS, the historic Loudon County Courthouse suffered extensive damage from a fire which occurred on April 23, 2019, thus resulting in the loss of use of the Circuit and Chancery Court courtrooms, the offices of the Clerk and Master and Circuit Court Clerk, and other government agencies;

WHEREAS, the **CITY** and **LUB** desire to lend assistance to the **COUNTY** and its citizens by providing a building and/or facilities in the old City Hall ("City Hall Property") and/or the Council Chambers located in the new City of Loudon Municipal Building ("Council Chambers") for the **COUNTY** to operate the courts, clerks' offices, and other government agencies;

NOW, THEREFORE, upon the consideration of the rent payments set forth below, and the mutual covenants and agreements hereinafter expressed, **LUB** and the **CITY** do hereby lease and/or license to the **COUNTY**, the City Hall Property (via lease) and the Council Chambers (via license) as more fully described on **Exhibit A** on the terms set out herein.

IN CONSIDERATION THEREOF, the **COUNTY** and **LUB** and the **CITY** covenant and agree:

1. **LUB** and the **CITY** do hereby lease and/or license to the **COUNTY**, and the **COUNTY** does hereby lease and/or license from **LUB** and the **CITY**, the property more fully described on **Exhibit A**. **COUNTY** shall pay to **LUB** One Dollar (\$1.00) per square foot of space occupied or used by **COUNTY** in the City Hall Property. The rental payment shall be paid by the fifteenth (15th) day of the following month. The square footage occupied or used shall be measured and calculated by mutual agreement of the parties but in no event shall it exceed **9,479** square feet based on the diagram included in **Exhibit A**. No rent shall be charged to the **COUNTY** for the use of the Council Chambers.

2. **County** shall pay **LUB** an agreed sum of Ten Thousand Dollars (\$10,000) for the occupancy of **8,287** square feed of the City Hall Property in June 2019, and the partial occupancy of the City Hall Property in April and May 2019.

3. Maintenance of said City Hall Property and/or the licensed Council Chambers shall be the responsibility of **LUB** and **CITY**. **LUB** shall repair and maintain the structural portions of the City Hall Property, including, without limitation, roofing, and covering materials, foundations, exterior walls, plumbing, utilities, fire sprinkler systems (if any), heating, ventilating, air conditioning, elevators, and electrical systems installed or furnished by **LUB**. **COUNTY** shall be responsible for all minor repairs and maintenance to inside structures such as doors, walls, and ceilings, costing less than Five Hundred Dollars (\$500.00) that can be reasonably accomplished by employees of the **COUNTY** without undue delay. **COUNTY** shall bear the cost of any repairs of

maintenance as required in whole or in part because of any negligent or wrongful act or omissions of **COUNTY**, its agents, servants, employees or invitees. **LUB** shall not be responsible for remediation of any pre-existing mold or mildew contamination. **LUB** shall not be responsible for the removal of any other environmental contaminants that existed at the time the **COUNTY** took possession of the premises. **CITY** and **LUB** shall be responsible for all maintenance associated with the Council Chambers.

4. **COUNTY** will use the leased City Hall Property and/or licensed Council Chambers for only court and government-related activities, including activities of the courts, clerks offices, similar to those held at the historic Loudon County Courthouse. **COUNTY** agrees and will keep said property in a good condition so that it will not be used as a nuisance and to surrender said property back in as good a condition as it was received.

5. **COUNTY** will keep the utilities paid on said leased City Hall Property during the term of this Agreement.

6. (a) **COUNTY** will safeguard and indemnify **LUB** and the **CITY** from any liability growing out of any accidents or incidents that may happen by the use of the **COUNTY** of said City Hall Property and Council Chambers while used for court and government-related activities. **COUNTY** shall at its expense obtain and, at all times during the term of this Agreement (including any holdover tenancy), maintain in force liability insurance in amounts for bodily injury or death of not less than One Million Dollars (\$1,000,000.00) per person and One Million Dollars (\$1,000,000.00) per accident. **COUNTY** further agrees to include **LUB** and the **CITY** as additional insureds on such policies.

(b) The insurance policy obtained by **COUNTY** pursuant to this Agreement shall be with an insurance company authorized and/or licensed to conduct business in the State of Tennessee. **COUNTY** agrees to deliver to **LUB** and the **CITY**, upon **LUB's** or the **CITY's** request and at no charge, a certificate or certificates evidencing the coverage under each such policy showing all named insureds. **COUNTY** shall not do or permit to be done anything which shall invalidate the insurance policies required under this Agreement.

7. **LUB** and the **CITY** reserve the right to inspect the manner and means by which the City Hall Property is used by **COUNTY** for the public purposes as more fully described in paragraph 3 hereinabove.

8. **COUNTY** shall not make any alterations, additions or improvements to the City Hall Property or Council Chambers without the prior consent of **LUB** and the **CITY**, which consent shall not be unreasonably withheld. Any improvements made and/or fixtures attached to the City Hall Property or Council Chambers by **COUNTY**, except such as may be movable, shall remain where placed upon termination of this Agreement, except as may otherwise be agreed to between the parties. It is further agreed that **COUNTY** shall not create, cause or suffer the City Hall Property to become subject to any liens, charges or encumbrance whatsoever.

9. **COUNTY** assumes the risks of loss and/or damage to the personal property of **COUNTY** or others in, on or about the City Hall Property and Council Chambers during use by the **COUNTY**, and **COUNTY** shall be responsible for and shall maintain all insurance for equipment, furniture, furnishings and/or any other property owned and/or utilized by it on the City Hall Property or in Council Chambers.

10. This Agreement is for a period of two (2) years, but the **COUNTY** or **CITY/LUB** may terminate this Agreement at any time by providing sixty (60) days written notice upon the other party.

11. It is mutually agreed that **LUB** or the **CITY** may assume or retake possession of the leased City Hall Property and/or terminate the license for the Council Chambers due to the **COUNTY's** failure to maintain said City Hall Property, failure to keep the property policed so as to not allow it to become a nuisance, failure to maintain insurance as required by paragraph 5 above, or failure to fulfill any other terms or provisions of this Agreement. **COUNTY** shall first receive written notice of any default or deficiency and have sixty (60) days within which to correct any deficiencies or defaults. If said default or deficiency is not corrected, **LUB** or the **CITY** shall take immediate possession of the City Hall Property and/or the license for the Council Chambers shall be terminated.

12. This Agreement may be amended only in writing by mutual consent.

13. **LUB** and the **CITY** agree to not disturb or interfere with the operations or use of the City Hall Property or Council Chambers by **COUNTY** and to take all reasonable and necessary steps to prevent the disturbance or interference with court proceedings while in session.

14. All notices, demands, requests, consents and other instruments required or permitted pursuant to the terms of this Agreement shall be in writing and shall be deemed to have been properly given if sent by registered or certified United States mail, return receipt requested, addressed to each party hereto at the following addresses or

at such other address as **LUB**, the **CITY**, or **COUNTY** may designate in writing and deliver to the other party.

COUNTY Loudon County, Tennessee
ATTN: Rollen Bradshaw, County Mayor
Loudon County Office Building #109
100 River Road
Loudon County, TN 37774

LUB Loudon Utilities Board
ATTN: Ty Ross, Manager
PO Box 69
Loudon, TN 37774

CITY City of Loudon, Tennessee
ATTN: Jeff Harris, Mayor
PO Box 189
Loudon, TN 37774

IN WITNESS WHEREOF, the parties have executed this agreement in duplicate, each copy being an original, on the day and date first above written.

LOUDON COUNTY, TENNESSEE

By: _____
Rollen "Buddy" Bradshaw
Its: Mayor

By: _____
Susan Huskey
Its: Director of Procurement

LOUDON UTILITIES BOARD

By: _____
Ty Ross
Its: Manager

CITY OF LOUDON, TENNESSEE

By: _____
Jeff Harris
Its: Mayor

STATE OF TENNESSEE
COUNTY OF LOUDON

PERSONALLY appeared before me **Rollen "Buddy" Bradshaw**, the undersigned authority, a Notary Public in and for said County and State, the within-named bargainer, with whom I am personally acquainted, and who acknowledged that he is Mayor of Loudon County, Tennessee, the within-named bargainer, and as such Mayor, being authorized so to do, executed the within instrument for the purposes therein contained, by signing the name of said Loudon County, Tennessee, as such Mayor.

WITNESS my hand and official seal at office in Loudon County, Tennessee, this the _____ day of _____, 2019.

NOTARY PUBLIC
My Commission Expires: _____

STATE OF TENNESSEE
COUNTY OF LOUDON

PERSONALLY appeared before me **Susan Huskey**, the undersigned authority, a Notary Public in and for said County and State, the within-named bargainer, with whom I am personally acquainted, and who acknowledged that she is Director of Procurement for Loudon County, Tennessee, the within-named bargainer, and as such Mayor, being authorized so to do, executed the within instrument for the purposes therein contained, by signing the name of said Loudon County, Tennessee, as such Director of Procurement.

WITNESS my hand and official seal at office in Loudon County, Tennessee, this the _____ day of _____, 2019.

NOTARY PUBLIC
My Commission Expires: _____

**STATE OF TENNESSEE
COUNTY OF LOUDON**

PERSONALLY appeared before me, **Ty Ross**, the undersigned authority, a Notary Public in and for said County and State, the within-named named bargainor, with whom I am personally acquainted, and who acknowledged that he is Manager of the Loudon Utilities Board, the within-named bargainor, and as such Mayor, being authorized so to do, executed the within instrument for the purposes therein contained, by signing the name of said Loudon Utilities Board Tennessee, as such Manager.

WITNESS my hand and official seal at office in Loudon County, Tennessee, this the _____ day of _____, 2019.

NOTARY PUBLIC
My Commission Expires: _____

**STATE OF TENNESSEE
COUNTY OF LOUDON**

PERSONALLY appeared before me, **Jeff Harris**, the undersigned authority, a Notary Public in and for said County and State, the within-named named bargainor, with whom I am personally acquainted, and who acknowledged that he is Mayor of the City of Loudon, Tennessee, the within-named bargainor, and as such Mayor, being authorized so to do, executed the within instrument for the purposes therein contained, by signing the name of said City of Loudon, Tennessee, as such Mayor.

WITNESS my hand and official seal at office in Loudon County, Tennessee, this the _____ day of _____, 2019.

NOTARY PUBLIC

My Commission Expires: _____

**This Instrument prepared by Robert L. Bowman, Attorney at Law, P.O. Box 629,
Knoxville, TN 37901.**

EXHIBIT A

PROPERTY DESCRIPTION

Loudon County - Parcel: 0330 A 022.00

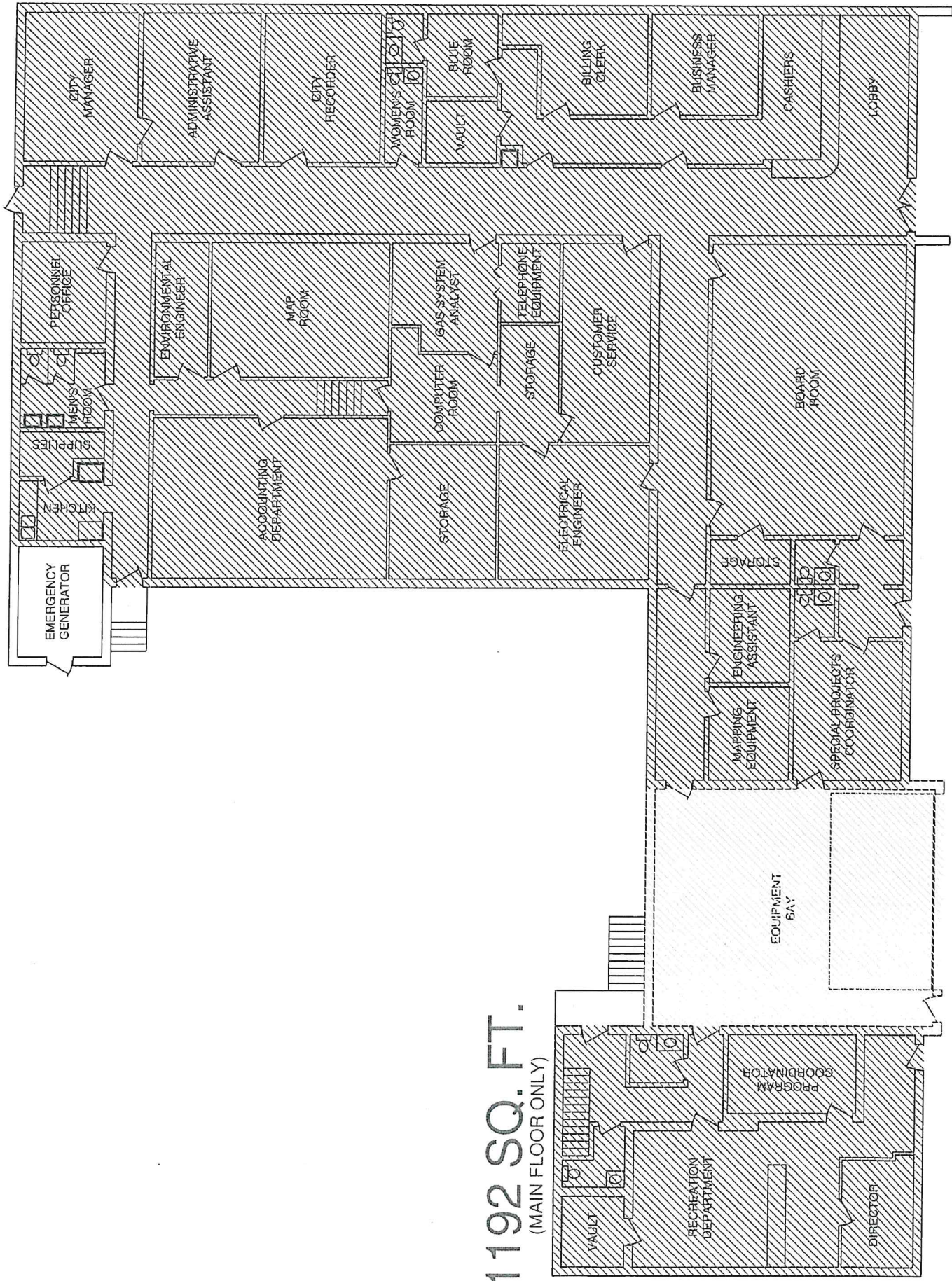


Date: April 25, 2019
County: Loudon
Owner: LOUDON UTILITIES
Address: ALMA ST 201
Parcel Number: 0330 A 022.00
Deeded Acreage: 0
Calculated Acreage: 0
Date of Imagery: 2015

201 Alma Place
Loudon, Tennessee 37774

Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community
TN Comptroller - OLG
State of Tennessee, Comptroller of the Treasury, Office of Local Government

The property lines are compiled from information maintained by your local county Assessor's office but are not conclusive evidence of property ownership in any court of law.



1192 SQ. FT.
(MAIN FLOOR ONLY)

7375 SQ. FT.

7375 SQ. FT.

Loudon County - Parcel: 048 042.03



Date: April 25, 2019
County: Loudon
Owner: LOUDON UTILITIES BOARD
Address: HWY 72 N 2480
Parcel Number: 048 042.03
Deeded Acreage: 1.01
Calculated Acreage: 0
Date of Imagery: 2015

Loudon County Municipal Building -
City Counsel Chambers only
2480 Highway 72 North
Loudon, Tennessee

Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan,
Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand),
NGCC, (c) OpenStreetMap contributors, and the GIS User Community
TN Comptroller - OLG
State of Tennessee, Comptroller of the Treasury, Office of Local Government

The property lines are compiled from information maintained by your local county Assessor's office but are not conclusive evidence of property ownership in any court of law.

Resolution

RESOLUTION NO.

A RESOLUTION TO AMEND THE LOUDON COUNTY ZONING RESOLUTION, ARTICLE 7. ADMINISTRATION AND ENFORCEMENT PURSUANT TO TENNESSEE CODE ANNOTATED, SECTION 13-7-105

WHEREAS, the Loudon County Commission, in accordance with Chapter Seven, §13-7-105 of the Tennessee Code Annotated, may from time to time, amend the number, shape, boundary, area or any regulation of or within any district or districts, or any other provision of any zoning resolution, and

WHEREAS, the Regional Planning Commission has forwarded a recommendation regarding the amendment to the Zoning Resolution of Loudon County, Tennessee,

WHEREAS, a notice of public hearing and a description of the resolution appeared in the Loudon County Daily Edition on December 6, 2019 consistent with the provisions of Tennessee Code Annotated, §13-7-105;

NOW, THEREFORE, BE IT RESOLVED by the Loudon County Commission that the Loudon County Zoning Resolution be amended by deleting Article 7, Administration and Enforcement in its entirety and replacing it with the following:

ARTICLE 7

ADMINISTRATION AND ENFORCEMENT

SECTION

- 7.010. Administration of the Resolution
- 7.020. The Enforcement Officer
- 7.030. Building Permits
- 7.035. Driveway Permits
- 7.040. Temporary Use Permits
- 7.050. Certificate of Occupancy
- 7.060. Procedure for Authorizing Special Exceptions
- 7.070. County Board of Zoning Appeals
- 7.080. Variances
- 7.090. Amendments to the Resolution
- 7.100. Penalties
- 7.110. Remedies
- 7.120. Validity
- 7.130. Interpretation
- 7.140. Effective Date
- 7.150. Postponed and/or Withdrawn Agenda Items

7.010. **Administration of the Resolution**. Except as otherwise provided, no structure or land shall, after the effective date of this Resolution, be used and no structure or part thereof shall be erected, altered or moved unless in conformity with the regulations herein specified for the district in which it is located. In their interpretation and application, the provisions of this Resolution shall be considered minimum requirements adopted for the promotion of public health, safety, morals, convenience, order, prosperity, and general welfare of the community. Where other ordinances, resolutions, or regulations heretofore adopted or which may be adopted hereafter, impose greater restrictions than those specified herein, compliance with such other ordinances, resolutions, or regulations is mandatory.

7.020. **The Enforcement Officer**. The provisions of this Resolution shall be administered by the Loudon County Building Commissioner. The Building Commissioner shall administer and enforce this Resolution and, in addition, they shall:

- A. Issue all building permits and make and maintain records thereof.
- B. Issue all Certificates of Occupancy and make and maintain records thereof.

- C. Issue and renew, where applicable, all temporary use permits and make and maintain records thereof.
- D. Maintain and keep current zoning maps and records of amendments thereto.
- E. Conduct inspections as required in this Resolution and such other inspections as are necessary to insure compliance with the various other general provisions of this resolution. The Building Commissioner shall possess the right to enter upon any premises for the purpose of making inspections of buildings or premises necessary to carry out their authorized duties.

7.030. Building Permits. In accordance with Section 13-7-114 of the Tennessee Code Annotated, it shall be unlawful to commence the excavation for or the construction of any building or other structure, including accessory structures, to commence the moving, alteration, or repair of any structure, including accessory structures, to use a building or structure or to change the use of a building or structure, or to commence the filling of land until the Building Commissioner has issued for work a building permit containing a statement that the plans, specifications and intended use of such structure in all respects conform with the provisions of this resolution. Application for a building permit shall be made in writing to the Building Commissioner on forms provided for that purpose. No building permit shall be issued for any commercial, office, industrial or multi-family developments until site plans have been submitted to and approved.

- A. A building permit is not required for residential accessory storage buildings that are no more than 500 square feet in size, are not built on a permanent foundation and meet all other zoning requirements of this Resolution.
- B. It shall be unlawful for the Building Commissioner to approve the plans or issue a building permit for any excavation or construction until they have inspected such plans in detail and found them to be in conformity with this Resolution. To this end, the building permit for excavation, construction, moving or alteration shall be accompanied by a plan or plat and showing the following in sufficient detail to enable the Building Commissioner to ascertain whether the proposed excavation, construction, moving or alteration is in conformance with this Resolution:
 - 1. The actual shape, location, and dimensions of the lot to be built upon.
 - 2. The shape, size, and location of all buildings or other structures to be erected, altered, or moved and, of buildings or other structures already on the lot, the elevation of the building site.
 - 3. The existing and intended use of all such buildings or other structures.
 - 4. Location and design of off-street parking areas and off-street loading areas. Such other information concerning the lot or adjoining lots as may be essential for determining whether the provisions of this resolution are being observed.
- C. If the proposed excavation, construction, moving or alteration as set forth in the application is in conformity with the provisions of this Resolution, the Building Commissioner shall issue a building permit for such excavation or construction. If an application for a building permit is not approved, the Building Commissioner shall state in writing on the application the cause for such disapproval. Issuance of a permit shall in no case be construed as waiving any provisions of this Resolution, and building permits shall be void after six (6) months from date of issue unless substantial progress on the project has been made by that time.
- D. Fees for all commercial, industrial and residential buildings are found in the building codes and amendments adopted by Loudon County.
- E. The Building Commissioner shall keep a permanent and accurate accounting of all permit fees and other monies collected, the names of all persons upon whose account

the same was paid, the date and amount thereof. No permit shall be issued until the fees prescribed herein shall have been paid. Nor shall an amendment to a permit be approved until the additional fee, if any, due to an increase in the estimated cost of the building or structure, shall have been paid. If no permit has been obtained before the erection or alteration of any building or structure, the Building Commissioner is hereby authorized to charge a fee at a rate twice the designated fee for that structure or building. This Resolution shall not be construed as authorizing the requirement of building permits for the erection, construction, or reconstruction of any building or other structure on land now devoted to agricultural uses or which may hereafter be for agricultural purposes, except on agricultural land adjacent to, or in proximity to state, federal aid highways, public supports or public parks, however, such building or structure is incidental to the agricultural enterprise.

7.035. Driveway Permits

Prior to constructing a driveway that will connect to a Loudon County road, property owners must contact the Loudon County Highway Department for a driveway permit. The purpose of the permit is to assure the proper placement of new driveway connections to improve traffic safety and to reduce the costs of maintaining the roadway drainage system.

A. Guidelines for Obtaining a Driveway Permit

1. Contact the Loudon County Highway Department at 865-458-6940 to request a field inspection prior to constructing a driveway connecting to a county road. The property owner should provide their name, phone number, address, subdivision name (if applicable), lot number, and directions to the property.
2. The property owner should locate the center of the proposed driveway connection by placing an orange flag or spray paint at the edge of pavement.
3. A Highway Department inspector will inspect the proposed driveway location and complete a field inspection report within 48 hours of contacting the Highway Department for an inspection. The inspection report will approve the requested location or designate a new driveway location and specify the size of the drain tile required for adequate drainage.
4. A copy of the Highway Department field inspection report will be sent to the property owner and the Loudon County Building Commissioners' Office.
5. The property owner may proceed with the driveway connection upon receipt of the Highway Department's field inspection report. When the work is completed, the property owner should contact the Highway Department for a final inspection.
6. A driveway permit approving the work will be signed by the Highway Superintendent and sent to the Loudon County Building Commissioner's Office. The Building Commissioner will not issue a certificate of occupancy without a driveway permit from the Highway Superintendent.

B. Minimum Requirements for Driveway Construction

1. All driveways shall have a sufficient rock or stone base to keep mud and dirt off the county road.
2. Driveway drainage tiles must be galvanized metal, plastic or concrete. If plastic is used it must meet state specifications and have headwalls installed. All pipe must be covered with a minimum of 6" of crusher run stone. Driveway drain tile must have a minimum diameter of 15".
3. If the driveway has a 10% or greater slope from the county road, the first 20' of the driveway from the edge of pavement must be paved with concrete or asphalt. Concrete should have a minimum thickness of 4" or asphalt should have a minimum thickness of 2".

4. Property owners are responsible for maintaining driveways and cleaning up any material that washes off the driveway into the county right of way or road.

7.040. Temporary Use Permits. It shall be unlawful to commence construction or development of any use of a temporary nature until a permit, accompanied by a \$5.00 fee, has been secured from the Loudon County Building Commissioner, as provided for in Article 4, Section 4.030 of this Resolution. Application for a temporary use permit shall be made in writing to the Building Commissioner on forms provided for that purpose.

7.050. Certificate of Occupancy. No land or building or other structure or part thereof hereafter erected, moved, or altered in its use shall be used until the Building Commissioner shall have issued a Certificate of Occupancy stating that such land, structure, or part thereof is found to be in conformity with the provisions of the Resolution.

7.060. Procedure for Authorizing Special Exceptions. The following procedure is established to provide procedures for review of a proposed use by the Board of Zoning Appeals. The procedure shall be the same whether review is required by this Resolution or whether a proposed use is potentially noxious, dangerous or offensive.

A. Application:

An application shall be filed with the Board of Zoning Appeals by the first day of the month in which the request will be reviewed. Said application shall show the location and intended uses of the site, the names of the property owners, existing land uses within two hundred (200) feet, and any other material pertinent to the request which the Board may require. Signage notifying the public about the request shall be posted on the property ten (10) business days prior to the meeting that it will be reviewed

B. Restrictions:

In the exercise of its approval, the Board may impose such conditions upon the proposed uses of buildings or land as it may deem advisable in the furtherance of the general purposes of this Resolution.

C. Validity of Plans:

All approved plans, conditions, restrictions, and rules made a part of the approval of the Board shall constitute certification on the part of the applicant that the proposed use shall conform to such regulations at all times.

7.070. County Board of Zoning Appeals. A Loudon County Board of Zoning Appeals is hereby established in accordance with Section 13-7-106 of Tennessee Code Annotated. The Board of Zoning Appeals shall consist of five (5) members appointed by the Loudon County Commission. Board members shall be appointed to five (5) year terms, with such terms arranged so that the term of one (1) member will expire each year. The county legislative body may appoint associate members of the Board, and in the event that any regular member be temporarily unable to act owing to absence from the county, illness, interest in a case before the Board, or other cause, such Board member's place may be taken during such temporary disability by an associate member designated for the purpose by the county legislative body.

A. Procedure:

Meetings of the Board of Zoning Appeals shall be held at the call of the chairman, and at such other times as the Board may determine. Such chairman or, in their absence, the acting chairman, may administer oaths and compel the attendance of witnesses. All meetings of the Board shall adopt rules of procedure and shall keep records of applications and action taken thereon which shall be public records.

B. Appeals to the Board:

An appeal to the Loudon County Board of Zoning Appeals may be taken by any person, firm, or corporation aggrieved, or by any governmental office, department, board, or

bureau affected by any decision of the Building Commissioner based in whole or in part upon the provisions of this Resolution. Such appeal shall be taken by filing with the Board of Zoning Appeals a notice of appeal specifying the grounds thereof. The Building Commissioner shall transmit to the Board all papers constituting the record upon which the action appealed was taken. The Board shall fix a reasonable time for the hearing of the appeal, give public notice thereof, as well as due notice to the parties in interest, and decide the same within a reasonable time. Upon the hearing, any person or party may appear in person, by agent, or by attorney.

C. Powers of the Board:

The Board of Zoning Appeals shall have the following powers:

1. Administrative review:

To hear and decide appeals where it is alleged by the appellant that there is error in any order, requirement, permit, decision, determination, or refusal made by the Building Commissioner or other administrative official in the carrying out of enforcement of any provision of this Resolution.

2. Special exceptions:

To hear and decide application for special exceptions as specified in the Zoning Resolution, hear requests for interpretation of the zoning map, and for decision on any special questions upon which the Board of Zoning Appeals is authorized to pass.

3. Variances:

To hear and decide applications for variances from the terms of this Resolution.

7.080. Variance. The purpose of the variance is to modify the strict application of the specific requirements of this Resolution in the case of exceptionally irregular, narrow, shallow, or other exceptional physical conditions, whereby such strict application would result in practical difficulty or unnecessary hardship which would deprive an owner of the reasonable use of his land. The variance shall be used only where necessary to overcome some obstacle that is preventing an owner from using his property under this Resolution.

A. Application:

After written denial of a permit, a property owner may make application for a variance by the first day of the month in which the variance request will be reviewed by the Board of Zoning Appeals, using any form that may be made available by the Board of Zoning Appeals. Signage notifying the public about the request shall be posted on the property ten (10) days prior to the meeting that it will be reviewed.

B. Hearings:

Upon receipt of an application, the Board shall hold a hearing, to decide whether a variance to the Resolution provisions is, in fact, necessary to relieve unnecessary hardships which act to deprive the property owner of the reasonable use of their land.

C. Standards for Variances:

In granting a variance, the Board shall ascertain that the following criteria are met:

- a. Variance shall be granted only where special circumstances or conditions, fully described in the finding of the Board, do not apply generally in the district.
- b. Variance shall not be granted to allow a use otherwise excluded from the particular district in which requested.

- c. For reasons fully set forth in finding of the Board, the aforesaid circumstances or conditions are such that the strict application of the provisions of the Zoning Resolution would deprive the applicant of any reasonable use of his land. Mere loss in value shall not justify a variance. There must be a deprivation of beneficial use of land.
- d. The granting of any variance shall be in harmony with the general purposes and intent of this Resolution and shall not be injurious to the neighborhood, detrimental to the public welfare, or in conflict with the comprehensive plan for development.
- e. In reviewing an application for a variance, the burden of showing that the variance should be granted shall be upon the person applying therefore.

7.090. Amendments to the Resolution. The regulations and the number or boundaries of districts established by this Resolution may be amended, supplemented, changed, modified, or repealed by the Loudon County Quarterly Court, but in accordance with the Tennessee enabling legislation, no amendment shall become effective unless it is first submitted to and approved by the Loudon County Regional Planning Commission or, if disapproved, shall receive a majority vote of the entire membership of the Loudon County Quarterly Court, except that when the zoning map is amended within the areas which fall within the planning region of Lenoir City or Loudon, such amendments must also be submitted to and receive a recommendation from the Lenoir City or the Loudon Regional Planning Commission. Application for zoning amendments must be submitted to the Loudon County Planning Department by the first day of the month in which the request for the amendment will be considered by the Planning Commission. Signage notifying the public about the request shall be posted on the property ten (10) business days prior to the meeting that it will be reviewed. Before finally adopting any such amendment, the County Commission shall hold a public hearing thereon, at least thirty (30) days' notice of the time and place of which shall be given by at least one (1) publication in a newspaper of general circulation in the County; and any such amendment shall be published at least once in the official newspaper of the County or in a newspaper of general circulation in the County. Rezoning requests submitted to the Planning Commission shall not be resubmitted if the request has been considered by the Planning Commission within 180 days.

7.100. Penalties. Any persons violating any provisions of this Resolution shall be guilty of a misdemeanor, and upon conviction shall be fined not less than five dollars (\$5.00) nor more than fifty (\$50) for each offense. Each day such violations shall continue constitutes a separate offense.

7.110 Remedies. In case any building or other structure is erected, constructed, altered, repaired, converted, or maintained; or any building, structure, or land is used in violation of this Resolution; the Building Commissioner or any other appropriate authority or any adjacent or neighboring property owner who would be specifically damaged by such violation, in addition to other remedies, may institute injunction, mandamus, or other appropriate action or proceeding to prevent such unlawful erection, construction, reconstruction, alteration, repair, conversion, maintenance, or use; or to correct or abate such violation; or to prevent occupancy of such building, structure, or land.

7.120. Validity. Should any section, clause, or provision of this Resolution be declared by a court of competent jurisdiction to be unconstitutional or invalid, this judgment shall not affect the validity of this Resolution as a whole or any other part than the part judged invalid.

7.130. Interpretation. Where a condition imposed by a provision of this Resolution is less restrictive than comparable conditions imposed by any other provision of this Resolution or any other resolution, the provisions which are more restrictive shall govern.

7.140. Effective Date. This Resolution shall take effect from and after the effective day of its passage and publication as required by law, the public welfare requiring it.

7.150. Postponed and/or Withdrawn Agenda Items

Any item placed on the agenda of the Loudon County Planning Commission or the Loudon County Board of Zoning Appeals that is postponed and/or withdrawn twice by the petitioner cannot be resubmitted for a period of twelve months.

LOUDON COUNTY COURT CLERK

BE IT FINALLY RESOLVED, that this Resolution shall take effect immediately, the public welfare requiring it.

ATTEST:

LOUDON COUNTY COMMISSION CHAIRMAN

DATE:

APPROVED: LOUDON COUNTY MAYOR

The votes on the question of approval of this Resolution by the Planning Commission on _____ are as follows:

APPROVED: _____

DISAPPROVED: _____



**ATTEST: SECRETARY LOUDON COUNTY
REGIONAL PLANNING COMMISSION**

Resolution

RESOLUTION NO.

A RESOLUTION TO AMEND THE LOUDON COUNTY ZONING RESOLUTION, SECTION 4.090. STANDARDS FOR SIGNS, BILLBOARDS, AND OTHER ADVERTISING STRUCTURES, PURSUANT TO TENNESSEE CODE ANNOTATED, SECTION 13-7-105

WHEREAS, the Loudon County Commission, in accordance with Chapter Seven, Section 13-7-105 of the Tennessee Code Annotated, may from time to time amend the number, shape, boundary, area or any regulation of or within any districts, or any other provision of the zoning resolution; and

WHEREAS, the Regional Planning Commission has forwarded its recommendation regarding this amendment to the Loudon County Zoning Resolution; and

WHEREAS, a notice of public hearing and a description of the resolution appeared in the Loudon County _____ on _____, consistent with the provisions of Tennessee Code Annotated Section 13-7-105;

NOW, THEREFORE, BE IT RESOLVED by the Loudon County Commission that Section 4.090. Standards for Signs, Billboards, and Other Advertising Structures of the Loudon County Zoning Resolution be amended by deleting it in its entirety and replacing it with the following:

4.090. Standards for Signs, Billboards, and Other Advertising Structures. These conditions are established as a reasonable and impartial method of regulating advertising structures in order to insure light, air, and open space, to reduce hazards at intersections, and to protect property values of the entire community. Applications for signs shall be made to the County Building Commissioner. The regulations for signs, billboards, and other advertising structures are enumerated below:

A. In any zoning district, the following general regulations shall apply as well as the regulations in Loudon County's adopted Building Code.

1. No sign shall be erected or maintained where by reason of its position, wording, illumination, size, shape, or color it may obstruct, impair, obscure, interfere with the view of, or be confused with, any authorized traffic control sign, signal, or device.

2. No sign having flashing, intermittent or animated illumination shall be permitted within three hundred (300) feet of property in any residential district unless such sign is not visible from such property.

3. No illuminated sign shall be permitted within fifty (50) feet of property in any residential district unless the illumination of such sign is so designed that it does not shine or reflect light onto such property.

a. Electronic Message Display (EMD) signs, are signs capable of displaying words, symbols, figures, or images than can be electronically changed by remote or automatic means.

b. EMD signs must be static or depicted for a minimum of ten (10) seconds.

c. Transition from one message to another and shall be continuous without fade-outs, animation or other type of movement between messages. Animated video or continuous scrolling of messages is prohibited.

d. EMD signs shall be designed and equipped to immediately freeze or discontinue the device in one position if a malfunction occurs.

- e. No EMD shall be brighter than necessary for clear and adequate visibility or of such intensity that it interferes with the effectiveness of an official traffic control device.
 - f. The owner is responsible for making any adjustments to the brightness of the EMD sign and to monitor it ensuring it automatically adjusts to the natural ambient light conditions and to report notice of non-compliance to the Loudon County Building Official.
4. No billboard or ground sign shall be erected to exceed the maximum height limitation for the district in which it is located. No billboard shall exceed fifty (50) feet in length. The bottom coping of every ground sign shall be at least three (3) feet above the ground or street level.
5. Billboards and other similar outdoor advertising structures shall be erected or placed in conformity with the side, front, and rear yard requirements of the district in which located. However, no billboard shall be erected or placed closer than within one hundred (100) feet of any R-1 and/or A-2 district.
6. Signs erected and overhanging any sidewalk must be placed at least nine (9) feet above the sidewalk and may extend over the sidewalk a distance equal to two-thirds (2/3) the width of the sidewalk, but in no case exceeding ten (10) feet.
7. Professional signs and signs for home occupations shall not exceed four (4) square feet in area in the R-1 and C-1 districts.
8. No building walls or roofs shall be used for display of advertising in any district.
9. Temporary signs and posters are subject to the following regulations:
- a. Each sign shall not exceed (5) square feet in area.
 - b. The sign shall not be located closer together than five hundred (500) feet.
 - c. No such signs shall be allowed in any residential zone.
 - d. Such signs shall not be nailed to trees, fence posts or public utility poles and shall not be located in the public right-of-way.
 - e. All such signs advertising events shall be removed within ten (10) days after the event date.
10. In any district, the following signs shall be permitted:
- a. For parking areas, entrance and exit signs not exceeding four (4) square feet in area and not more than one (1) sign not more than sixteen (16) square feet in area identifying or designating the conditions of the use of such parking area.
 - b. Non-illuminated "For Sale" or "For Rent" signs not exceeding four (4) square feet in area.
 - c. One (1) sign not more than twelve (12) square feet in area giving the names of the contractors, engineers, or architect, during construction of a building.
 - d. Signs established by, or by order of, any governmental agency.

- e. For special events of public interest, one (1) sign not over thirty-two (32) square feet in area located upon the site of the event.

B. In A-1, Agriculture-Forestry Districts, the following regulations shall apply:

1. Name plates indicating name, address, house number, announcement of boarders or roomers, or customary home occupations are permitted.
2. Not more than two (2) non-illuminated signs not to exceed a total of thirty-two (32) square feet in area, advertising the sale of farm products produced on the premises shall be permitted.
3. Church, school, or public buildings, bulletin boards, or identification signs, not exceeding forty 40 square feet in area are permitted.
4. Flashing or intermittent illumination is prohibited.
5. Billboards and other advertising structure are prohibited.
6. Business signs, not to exceed one and one-half (1-1/2) square feet of surface area for each one (1) lineal foot of face of building, relating to the business on the premises will be permitted.

C. In A-2 Rural Residential District, the following regulations shall apply:

1. Nameplates indicating name, address, house number, announcement of boarders or roomers, or customary home occupations are permitted.
2. Not more than two (2) non-illuminated signs not to exceed a total of thirty-two (32) square feet in area, advertising the sale of agricultural products produced on the premises shall be permitted.
3. Church, school, or public building bulletin boards or identification signs, not exceeding thirty (30) square feet in area are permitted.
4. Billboards or other advertising structures are prohibited, except certain directional signs intended to guide the general public to areas designated by the planning commission as possessing scenic, historical, or recreational value. However, such directional signs shall not exceed sixty-four (64) feet in area.
5. Flashing or intermittent illumination is prohibited.

D. In the R-1, Suburban-Residential District, the following regulations shall apply:

1. Nameplates indicating name, address, house number, announcement of boarders or roomers, or customary home occupations are permitted.
2. For apartment buildings, identification signs not exceeding nine (9) square feet in area are permitted.
3. Church, school, or public building bulletin boards or identification signs not exceeding twenty (20) square feet in area are permitted.
4. Flashing or intermittent illumination is prohibited.
5. Billboards or other advertising structures are prohibited.

E. In the C-1, Rural Center District, the following regulations shall apply:

1. Nameplates indicating name, address, house number, announcement of boarders or rooms for rent, or customary home occupations are permitted.
 2. Churches, schools, or public buildings, identification signs or bulletin boards not exceeding sixty (60) square feet in area are permitted.
 3. For other permitted uses, one (1) business sign not exceeding one (1) square foot of surface for each two (2) lineal feet of lot fronting on a public street will be permitted. Such sign shall be mounted on the premises and shall be directly related to the activity conducted on said premises.
 4. Billboards and other general advertising structures are prohibited.
- F. In the C-2, General Commercial District, the following regulations shall apply:
1. Bulletin board or identification signs, not exceeding sixty (60) square feet in area, shall be permitted for public recreation uses, community facilities, hospitals, and clinics.
 2. Business signs shall be permitted subject only to the restrictions in Section 4.090.A of this Resolution. All ground signs shall be located not closer to any property line than one-half (1/2) the required setbacks.
 3. Billboards and other outdoor advertising structures are permitted in the C-2 General Commercial District subject to the general restrictions set forth in Section 4.090.A.
- G. In the M-1, General Industrial District, the following regulations shall apply:
1. Business signs shall be permitted which relate to the business on the premises. Such signs shall be located not closer than one-half (1/2) the required setback from all property lines.
 2. Flashing and intermittent illumination is prohibited.
 3. Billboards and other outdoor advertising structures are permitted.
- H. In the F-1, Floodway District, the following regulations shall apply.
1. There shall be permitted for public parks, playgrounds, and other outdoor recreational uses, signs not exceeding thirty-two (32) square feet in area.
 2. Flashing intermittent illumination is prohibited.
 3. Billboards and other outdoor advertising structures are prohibited.
- I. In the O-1, Office-Professional District, the following regulations shall apply.
1. One (1) on-premise freestanding sign not to exceed one hundred (100) square feet in area and no more than ten (10) in height.
 2. One (1) wall sign per business establishment not to exceed one (1) square foot for each lineal foot of the business's primary facade.
 3. Billboards or other similar signs, advertising structures, portable/temporary signs or banners are prohibited.

BE IT FINALLY RESOLVED, that this Resolution shall take effect immediately, the public welfare requiring it.

ATTEST

LOUDON COUNTY CHAIRMAN

DATE

APPROVED: LOUDON COUNTY MAYOR

The vote on the question of approval of this Resolution by the Planning Commission is as follows:

APPROVED: _____

DISAPPROVED: _____

ATTEST: SECRETARY, LOUDON COUNTY
REGIONAL PLANNING COMMISSION
Dated:

**Brief Summary -
proposed
TASS Financing**

1. Tellico Area Services System (TASS) is a utility company which is a division of both Monroe and Loudon Counties. TASS was officially created on December 3, 1970 by a joint agreement between Loudon and Monroe Counties. The purpose was to provide a modern water and wastewater treatment system to its citizens and also to realize the area's potential for industrial and residential growth. TASS is governed by a Board of Directors appointed by the Counties, and TASS is regulated by the State of Tennessee Water and Wastewater Finance Board.
2. The current TASS system consists of a 7 million gallon a day water plant, 241.2 miles of water lines, a 1.5 million gallon a day wastewater treatment plant, 51.41 miles of sewer lines, 9 water pumping stations, 18 sewer pumping stations, 5 water tanks with a combined storage capacity of 6 million gallons. There are currently 3,990 water customers, 279 industrial water customers, 5 wholesale water customers, 663 sewer customers and 2 wholesale wastewater customers.
3. TASS needs to borrow money to fund an upgrade of water lines in Loudon County consisting of replacing approximately 20,000 ft. of eight inch PVC water line with twelve inch ductile iron water line and upgrading a 200,000 gallon water tank with a new 1.2 million gallon water tank.
4. Under Tennessee law, TASS has no stand-alone authority to issue its own bonds or borrow its own money. Any borrowing on TASS's behalf must be undertaken by the Counties. In the past, the Counties have incurred debt on TASS's behalf that was primarily payable by TASS but guaranteed by the Counties. Most recently, the two Counties entered into State Revolving Fund Loan Agreements to fund TASS capital improvements. The Loan Agreements are intended to be paid from TASS revenues but are guaranteed by the Counties.
5. The TASS Board of Directors has determined that – going forward – TASS operating income is sufficient to secure its debt without having to ask the Counties to provide guarantees. In September 2019, the Board adopted a resolution recommending the following plan of finance to the two County Commissions:
 - a. The two Counties are requested to authorize the joint issuance of water and sewer revenue bonds on TASS's behalf. (As mentioned above, under State law, the Counties are required to be the issuer of any bonds.)
 - b. The bonds would be payable solely from and secured solely by the revenues of the TASS water and wastewater system. Neither County would have any obligation to guarantee repayment of the bonds.

- c. The pledge of TASS revenues to secure payment of the bonds would be on parity with the pledge of TASS revenues securing the Counties' two State Revolving Fund Loan Agreements. The State has consented to this – see attached Exhibit A.
 - d. Attached as Exhibit B is a copy of the recommending resolution adopted by the Board in September.
6. The next required step in the proposed finance plan is to submit a bond resolution to each of the County Commissions for consideration. The TASS Board would like this to happen in January 2020. Attached as Exhibit C is a preliminary draft of the Monroe County bond resolution.
7. TASS would like to use the month prior to County Commission consideration to discuss the finance plan with the two County Finance Directors and identify any issues that need to be resolved or coordinated with the Counties related to general County debt.

**Recommending
Resolution
adopted by the
TASS Board in
September**

A RESOLUTION RECOMMENDING TO THE BOARD OF COUNTY COMMISSIONERS OF LOUDON AND MONROE COUNTIES, THE ISSUANCE AND SALE OF NOT TO EXCEED \$6,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND WASTEWATER REVENUE BONDS OF THE COUNTIES AND RECOMMENDING THE ADOPTION OF AN INITIAL RESOLUTION AND A DETAILED RESOLUTION BY EACH OF THE COUNTIES AUTHORIZING THE ISSUANCE AND SALE OF SAID BONDS.

WHEREAS, Loudon County and Monroe County (together, the "Counties") now own and operate jointly through the Board of Directors (the "Board") of the Tellico Area Services System ("TASS") a water and wastewater system service portions of each of the Counties (the "System");

WHEREAS, the Board has determined that it is in the best interest of the System to finance the construction of improvements and extensions to the System; and

WHEREAS, in order to provide funds for such purposes, the Board deems it necessary and advisable for the Counties to issue not to exceed \$6,500,000 in aggregate principal amount of Water and Wastewater Revenue Bonds, payable solely from and secured solely by a pledge of the income and revenues to be derived from the operation of the System;

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Tellico Area Services System as follows:

Section 1. For the purpose of providing funds to construct improvements and extensions to the System and to pay certain costs of the issuance of the bonds described herein, the Board hereby recommends to the Board of County Commissioners of each of the Counties that each Board adopt an initial resolution authorizing the issuance of bonds and a detailed resolution authorizing the issuance and sale of bonds of the Counties in the aggregate principal amount of not to exceed \$6,500,000 (the "Bonds"). The Bonds shall mature over a period not greater than 25 years, shall amortize in a manner that does not constitute "balloon indebtedness" under applicable Tennessee law, and shall be callable at a price of par no later than the tenth year following their issuance.

The Bonds shall not constitute the general obligation of either of the Counties and the taxing powers of the Counties shall not be pledged to or available for the payment of the Bonds. The Bonds shall instead be payable solely from and secured solely by a pledge of the income and revenues to be derived from the operation of the System, subject to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring said System, on parity with the pledge of revenues of the System in favor of the Counties' existing State Revolving Fund Loans.

The resolutions of the Counties authorizing the Bonds shall include covenants and agreements relating to the security for the Bonds, the operation of the System, management of the financial and other affairs of the System, the issuance of additional bonds payable from the revenues of the System, payment of principal of and interest on the Bonds, defeasance of the Bonds, amendment of the resolution and such other or additional terms and provisions as the Chairman of the Board shall deem necessary and desirable in order to market the Bonds at reasonable rates and terms. The Chairman of the Board is authorized and directed to negotiate with the Underwriter (hereinafter defined) the specific terms of the Bonds and the resolution authorizing said Bonds and present said resolution to the Boards of County Commissioners for adoption. The Board hereby covenants and agrees to be bound by the covenants and agreements set forth in the resolutions or incorporated therein by reference in the operation and management of the System and the affairs thereof.

Section 2. Upon adoption by the Board of County Commissioners of the initial resolution and detailed resolution by each of the Counties authorizing the Bonds, the Counties are hereby requested to sell the Bonds at negotiated sale to the Underwriter, subject to final approval by the Chairman of the Board. The Chairman and the Secretary of the Board and the Superintendent of the System, or any of them, are hereby authorized to take such actions and do such things as shall be necessary to cause the Bonds to be offered for sale, including participating in the preparation of a preliminary and final official statement to be distributed to prospective investors and purchasers of the Bonds in connection with the sale thereof.

Section 3. The Board hereby selects and recommends to the Boards of County Commissioners of the Counties the selection of Wiley Bros.-Aintree Capital, LLC, Nashville, Tennessee, as the original purchaser and underwriter of the Bonds (the "Underwriter").

Section 4. Any officer of the Board or the Superintendent of the System is hereby authorized to execute and deliver all certificates and documents as either shall deem necessary and advisable in connection with the sale and delivery of the Bonds.

Adopted and approved this 18th day of September, 2019.

Chairman

Attest:

Secretary/Treasurer

STATE OF TENNESSEE)

COUNTY OF MONROE)

I, _____, hereby certify that I am the duly qualified and acting Secretary of the Board of Directors of the Tellico Area Services System , and as such official I further certify that attached hereto is a copy of a resolution adopted by the Board at a meeting held on September 18, 2019 recommending the issuance of not to exceed \$6,500,000 Water and Wastewater Bonds of Loudon and Monroe Counties.

WITNESS my official signature, this ____ day of _____, 2019.

Secretary

State's Consent to Bond Issue



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

October 24, 2019

Mark Clinton
Superintendent
Tellico Area Services System
PO Box 277
Vonore, TN 37885

Dear Mr. Clinton :

The Tennessee Local Development Authority (the "TLDA") met on October 24, 2019, to consider for approval the following request(s):

- Request from Loudon County and Monroe County to issue Water and Sewer revenue Bonds for the Tellico Area Services System in an amount not to exceed \$6,500,000 on parity with its SRF loans

The TLDA approved this request.

A copy of the minutes may be requested by contacting the Office of State and Local Finance if you should need them for your records.

Note: Tenn. Code Ann. § 9-21-151 requires that public entities file a Report on Debt Obligation (Form CT-0253) no later than forty-five days following the issuance or execution of a debt obligation by a public entity, with a copy filed with the Director of the Office of State and Local Finance. The form can be obtained online at:

<https://www.comptroller.tn.gov/office-functions/state-and-local-finance/local-government/debt/report-on-debt-obligation.html>. If you have questions about this form, please contact Steve Osborne at 615-747-5343.

Please let me know if you need additional information in this regard.

Sincerely,

A handwritten signature in cursive script that reads "Sandi Thompson".

Sandi Thompson
Director of the Office of State and Local Finance,
Office of the Comptroller of the Treasury
Assistant Secretary to the Tennessee Local Development Authority

CC: Jeff Oldham (joldham@bassberry.com)

Initial Draft of the Bond Resolution

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF LOUDON COUNTY AUTHORIZING THE ISSUANCE, SALE AND PAYMENT OF NOT TO EXCEED \$6,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS OF LOUDON AND MONROE COUNTIES, TENNESSEE FOR THE BENEFIT OF THE TELLICO AREA SERVICES SYSTEM JOINTLY OWNED AND OPERATED BY THE COUNTIES.

WHEREAS, the Tellico Area Services System (the "System") is a water and sewer system jointly owned by Loudon County, Tennessee and Monroe County, Tennessee (together, the "Counties") and operated on the Counties' behalf by the Board of the System (the "Board");

WHEREAS, Sections 7-34-101 et seq. authorize the Counties to issue bonds and use the proceeds thereof to finance the construction of improvements and extensions to the System;

WHEREAS, the Board has heretofore adopted a resolution recommending to the Counties the issuance of bonds to fund capital improvements to the System, which such resolution recommends that the bonds be payable solely from and secured solely by a pledge of the revenues of the System, and not by the general obligation taxing power of either of the Counties;

WHEREAS, the Counties have also determined that is advisable to finance the recommended cost of capital improvements to the System;

WHEREAS, the Counties have determined that it is advisable to issue water and sewer revenue bonds in order to accomplish these purposes, as recommended by the Board;

WHEREAS, the Counties are party to certain State Revolving Fund Loan Agreements identified as 07-198 and 07-198A (together, the "SRF Loan Agreements") with the Tennessee Local Development Authority (the "TLDA") and the Tennessee Department of Environment and Conservation, the proceeds of which were used to finance improvements to the System;

WHEREAS, the TLDA has agreed that the proposed bonds may be issued on parity with the SRF Loan Agreements relative to the pledge of revenues of the System; and

WHEREAS, it is the intention of the Board of County Commissioners of Loudon County to adopt this resolution for the purpose of authorizing the issuance, sale and payment of up to \$6,500,000 in aggregate principal amount of water and sewer revenue bonds of the System, on a joint basis with Loudon County, for the purposes described above;

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

Section 1. Authority; Findings. The bonds authorized by this Resolution are issued pursuant to Sections 7-34-101 et seq., Tennessee Code Annotated and other applicable provisions of law. The Board of County Commissioners hereby finds and determines that the issuance of the bonds is necessary and advisable for the purpose of obtaining funds to finance the improvements and extensions to the System described herein. An estimate of the debt service and issuance costs associated with the bonds have been made available to the Board of County Commissioners.

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) "Acquired System" shall mean any water procurement, treatment, storage or distribution system or sewer treatment and/or transmission facilities hereafter acquired by the Counties and operated by the Board;

(b) "Act" shall mean Tennessee Code Annotated Sections 7-34-101 et seq., as amended from time to time;

(c) "Balloon Indebtedness" shall mean any bonds, notes or other indebtedness, other than Short Term Indebtedness, 25% or more of the initial principal amount of which matures (or must be redeemed at the option of the holder) during any twelve month period, if such 25% or more is not to be amortized to below 25% by mandatory redemption prior to the beginning of such twelve month period.

(d) "Board" means the Board of Directors of the System.

(e) "Bond Fund" shall mean the Series 2020 Debt Service Sinking Fund established pursuant to Section 7(a)(3) hereof;

(f) "Bond Purchase Agreement" means the bond purchase agreement authorized herein providing for the purchase and sale of the Series 2020 Bonds, by and among the Underwriter, the Board and the Counties;

(g) "Bonds" means the Series 2020 Bonds and any Parity Bonds;

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

(i) "Code" means the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated or proposed thereunder;

(j) "Credit Facility" means any municipal bond insurance policy, letter of credit, surety bond, line of credit, guarantee, or other agreement under which any person other than the Counties or the Board provides additional security for any Bonds and guarantees timely payment of or purchase price equal to the principal of and interest on all or a portion of any Bond and shall include any Reserve Fund Credit Facility;

(k) "Current Expenses" means expenses incurred by the Board in the operation of the System, determined in accordance with generally accepted accounting principles, including the reasonable and necessary costs of operating, maintaining, repairing and insuring the System, the cost of producing potable water and treatment of wastewater, salaries and wages, cost of material and supplies, and insurance premiums, but shall exclude depreciation, amortization and interest on any bonds, notes or other obligations of the Counties related to the System;

(l) "Debt Service Requirement" means the total principal and interest coming due, whether at maturity or upon mandatory redemption (less any amount of interest that is capitalized and payable with the proceeds of debt on deposit with the Board or any paying agent for the Bonds or other obligations of the System), for any period of 12 consecutive calendar months for which such a determination is made, provided:

(1) The Debt Service requirement with respect to Variable Rate Indebtedness shall be determined as if the variable rate in effect at all times during future periods equaled, at the option of the Board, either (A) the average of the actual variable rate which was in effect (weighted according to the length of the period during which each such variable rate was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period), or (B) the current average annual fixed rate of interest on securities of similar quality having a similar maturity date, as certified by a Financial Advisor.

(2) For the purpose of calculating the Debt Service Requirement on Balloon Indebtedness and Short Term Indebtedness, at the option of the Board, (i) the actual principal and interest on such Balloon Indebtedness and Short Term Indebtedness shall be included in the Debt Service Requirement, subject to the other assumptions contained herein, or (ii) such Balloon Indebtedness and Short Term Indebtedness shall be assumed to be amortized in a manner resulting in substantially equal annual debt service over an assumed amortization period of 20 years at an assumed interest rate (which shall be the interest rate certified by a Financial Advisor to be the interest rate at which the System could reasonably expect to borrow the same amount by issuing bonds with the same priority of lien as such Balloon Indebtedness and Short Term Indebtedness and the same amortization schedule); provided, however, that if the maturity of such Balloon Indebtedness is in excess of 20 years from the date of issuance, then the amortization period for such Balloon Indebtedness shall be assumed to be the number of years from the date of issuance of such Balloon Indebtedness to maturity; and provided further that this paragraph (b) shall not be applicable for purposes of determining the Debt Service Requirement for purposes of Section 12(e) of this resolution (Rate Covenant) unless the Board has set aside sufficient funds or otherwise made arrangements for the retirement of at least 90% of the principal amount of such Balloon Indebtedness or Short Term Indebtedness coming due in the relevant Fiscal Year.

(m) "Defeasance Obligations" shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof;

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

(o) "Counties" means Monroe County, Tennessee and Loudon County, Tennessee;

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

(q) "Financial Advisor" means an investment banking or financial advisory firm, commercial bank, or any other person who or which is retained by the Counties or the Board for the purpose of passing on questions relating to the availability and terms of specified types of debt obligations or the financial condition or operation of the System and is actively engaged in and, in the good faith opinion of the Counties or the Board, has a favorable reputation for skill and experience in providing financial advisory services of the type with respect to which the Financial Advisor has been retained.

(r) "Financial Guaranty Agreement" shall mean any Financial Guaranty Agreement authorized herein to be executed in connection with a Reserve Fund Credit Facility;

(s) "Fiscal Year" means the fiscal year of the System, as designated by the Board from time to time;

(t) "Governing Body" means the Board of County Commissioners of each of the Counties;

(u) "Gross Earnings" means all revenues, rentals, earnings and income from whatever source, determined in accordance with generally accepted accounting principles, 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 Parity Bonds or subordinate lien bonds (excluding any investment earnings from construction or improvement funds created for the deposit of bond proceeds pending use, to the extent such income is applied to the purposes for which the bonds were issued, and funds created to defease any outstanding obligations of the System); provided, however, at the election of the Counties or the Board, the term "Gross Earnings" as used herein shall not include any revenues, rentals, earnings or other income received from the operation of an Acquired System, and any bonds or other obligations issued in connection with such Acquired System shall not be payable from or secured by Net Revenues or be deemed to be Parity Bonds;

(v) "Loan Agreement" shall mean any agreement or contract entered into by the Counties and related to the System whereby a third party agrees to advance funds to the Counties and the Counties agree to repay those fund with interest;

(w) "Maximum Annual Debt Service Requirement" means the maximum annual Debt Service Requirement for any Fiscal Year;

(x) "Net Revenues" shall mean Gross Earnings, excluding any profits or losses on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets, less Current Expenses;

(y) "Parity Bonds" means bonds, notes, Loan Agreements, and other debt obligations, issued or entered into by the Counties on a parity with the Series 2020 Bonds herein authorized in accordance with the restrictive provisions of Section 12 hereof, including any bonds or other obligations secured by a pledge of and/or lien on an Acquired System and the revenues derived from the operation of such Acquired System (provided such pledge and lien are subject only to normal and customary expenses of operating, maintaining, repairing and insuring any such System), so long as the Acquired System is not being operated separately from the System as is permitted herein or the revenues from such Acquired System are not excluded from Gross Earnings;

(z) "Project" means extensions and improvements to the System, consisting primarily of the upgrade of water lines and storage capacity, the acquisition of all property real or personal appurtenant thereto, and the payment of legal, fiscal, engineering, architectural and administrative fees in connection therewith;

(aa) "Project Fund" means the Series 2020 Project Fund established pursuant to Section 13(d) of this Resolution;

(bb) "Rating" means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations;

(cc) "Rating Agencies" or "Rating Agency" means Fitch, Moody's, and S&P or any successors thereto and any other nationally recognized credit rating agency;

(dd) "Registration Agent" means the registration and paying agent for the Bonds designated by the County Mayors and the Chairman of the Board, or any successor designated by each the County Mayors and the Chairman of the Board;

(ee) "Reserve Fund" shall mean the Series 2020 Debt Service Reserve Fund established pursuant to Section 7(a)(4) hereof;

(ff) "Reserve Fund Credit Facility" means a municipal bond insurance policy, surety bond, letter of credit, line of credit, guarantee or other agreement provided by a Reserve Fund Credit Facility Issuer which provides for payment of amounts equal to all or any portion of the Reserve Fund Requirement in the event of an insufficiency of moneys in the Bond Fund to pay when due principal of and interest on all or a portion of the Bonds;

(gg) "Reserve Fund Credit Facility Issuer" means the issuer of a Reserve Fund Credit Facility rated in the second-highest rating category (without regard to gradations within such category) by each Rating Agency that rates such Reserve Fund Credit Facility Issuer and which also rates any Bonds secured by such Reserve Fund Credit Facility;

(hh) "Reserve Fund Requirement" means an amount determined from time to time by the Counties and the Board as a reasonable reserve, if any, for the payment of principal of and interest on a series of Bonds pursuant to the resolution authorizing such Bonds. With respect to the Series 2020 Bonds authorized herein, the Reserve Fund Requirement shall be \$0;

(ii) "Revenue Fund" shall have the meaning ascribed in Section 7(a)(1) hereof;

(jj) "Series 2020 Bonds" means not to exceed \$6,500,000 in aggregate principal amount of Water and Sewer Revenue Bonds, Series 2020, authorized herein;

(kk) "Short Term Indebtedness" means bonds, notes, Loan Agreements or other debt obligations maturing five years or less from their date of issuance, issued as Parity Bonds pursuant to the terms hereof.

(ll) "State" means the State of Tennessee;

(mm) "SRF Loan Agreements" shall have the meaning ascribed in the preamble;

(nn) "Subordinate Lien Bonds" means bonds, notes, Loan Agreement or other debt obligations issued with a lien on Net Revenues subordinate to that securing the Bonds;

(oo) "System" means the complete water and sewer systems operated by the Board as the Tellico Area Services System on behalf of the Counties, together with and including all properties of every nature comprising part of or used or useful in connection with the foregoing, and including all appurtenances, contracts, leases, franchises, and other intangibles; provided, however, at the election of the Counties and the Board, an Acquired System may be included within the System as defined herein and become a part thereof or, at the election of the Counties and the Board, not become a part of the System but be operated as a separate and independent system by the Board with the continuing right, upon the election of the Counties and the Board, to incorporate such separately Acquired System within the System; and

(pp) "Underwriter" means Wiley Bros. – Aintree Capital LLC, Nashville, Tennessee, acting as Underwriter for the Series 2020 Bonds;

(qq) "Variable Rate Indebtedness" means any Parity Bonds, the interest rate on which is subject to periodic adjustment, at intervals, at such times and in such manner as shall be determined by resolution authorizing such Parity Bonds; provided that if the interest rate shall have been fixed for the remainder of the term thereof, it shall no longer be Variable Rate Indebtedness.

Section 3. Authorization and Terms of the Series 2020 Bonds. (a) For the purpose of providing funds to finance the costs of the Project and to pay costs incident to the issuance and sale of the Series 2020 Bonds, all as more fully set forth in Section 13 hereof, there are hereby authorized to be issued jointly by the Counties water and sewer revenue bonds in an aggregate principal amount not to exceed \$6,500,000. The Series 2020 Bonds shall be issued in fully registered book-entry form, without coupons, shall be known as "Water and Sewer Revenue Bonds, Series 2020" and shall be dated the date of delivery, or bear such other series designation or dated date designated by the Mayors of the Counties and the Chairman of the Board pursuant to the terms of Section 12 hereof. Subject to adjustments permitted in Section 12 hereof, the Series 2020 Bonds shall bear interest payable semi-annually on January 1 and July 1 of each year the Series 2020 Bonds are outstanding, commencing July 1, 2020, at an aggregate true interest rate not to exceed six percent per annum. The Series 2020 Bonds shall be issued initially in \$5,000 denominations or any integral multiple thereof as shall be requested by the Underwriter. Subject to adjustments permitted in Section 12 hereof, principal of the Series 2020 Bonds shall be payable annually through serial maturity or mandatory redemption, commencing on July 1, 2020 and continuing on the first day of July of each year thereafter through and including July 1, 2044 in such amounts as may be established by the Mayors of the Counties and the Chairman of the Board pursuant to Section 12 hereof.

(b) Subject to the adjustments permitted in Section 12 hereof, the Series 2020 Bonds maturing on or before July 1, 2029 shall mature without option of prior redemption. The Series 2020 Bonds maturing on or after July 1, 2030 shall be subject to redemption on July 1, 2029, as a whole, or in part, at the option of the Mayors of the Counties, at a redemption price of par plus accrued interest to the date of redemption. If less than all the Series 2020 Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Governing Bodies in their discretion. If less than all of the Series 2020 Bonds within a single maturity shall be called for redemption, the Series 2020 Bonds within the maturity to be redeemed shall be selected as follows:

(1) if the Series 2020 Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Series 2020 Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(2) if the Series 2020 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series 2020 Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

(c) Pursuant to Section 12 hereof, the Mayors of the Counties and the Chairman of the Board are authorized to sell the Series 2020 Bonds, or any maturities thereof, as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by the Mayors Counties and the Board. In the event any or all the Series 2020 Bonds are sold as term bonds, the Counties shall redeem term bonds on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the maturity amounts set forth herein for each redemption

date, as such maturity amounts as shall be set forth in the Bond Purchase Agreement, at a price of par plus accrued interest thereon to the date of redemption. The term bonds to be so redeemed shall be selected in the manner described in subsection (b) above.

At its option, to be exercised on or before the 45th day next preceding any such mandatory redemption date, the Counties may (i) deliver to the Registration Agent for cancellation Series 2020 Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Series 2020 Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Series 2020 Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Counties on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Series 2020 Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Counties shall on or before the 45th day next preceding each payment date furnish the Registration Agent with a certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

(d) Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the Counties not less than 30 nor more than 60 days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series 2020 Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Series 2020 Bond registration records of the Registration Agent as of the date of the notice. Failure to mail such notice or any defect in any such notice so mailed shall not affect the sufficiency of the proceedings for redemption of any of the Series 2020 Bonds for which proper notice was given, and failure of any owner to receive such notice if properly given in the manner described above shall not affect the validity of the proceedings of the redemption of the Series 2020 Bonds held by such owner. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date (“Conditional Redemption”). As long as DTC, or a successor Depository, is the registered owner of the Series 2020 Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series 2020 Bonds, as and when above provided, and neither the Counties nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the Counties pursuant to written instructions from an authorized representative of the Counties (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein and in the Bond Purchase Agreement) given at least 45 days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Series 2020 Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the Counties to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository, if applicable, or the affected Bondholders that the redemption did not occur and that the Series 2020 Bonds called for redemption and not so paid remain outstanding.

(e) The County Mayor are hereby authorized to appoint the initial Registration Agent. The Counties hereby authorize and direct the Registration Agent so appointed to maintain Series 2020 Bond registration records with respect to the Series 2020 Bonds, to authenticate and deliver the Series 2020 Bonds as provided herein, either at original issuance or upon transfer, to effect transfers of the Series 2020 Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Series 2020 Bonds as provided herein, to cancel and destroy Series 2020 Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the Counties at least annually a certificate of destruction with respect to Series 2020 Bonds canceled and destroyed, and to furnish the Counties at least annually an audit confirmation of Series 2020 Bonds paid, Series 2020 Bonds outstanding and payments made with respect to interest on the Series 2020 Bonds. The Mayors of the Counties are hereby authorized to execute and the Recorders of the Counties are hereby authorized to attest such written agreement between the Counties and the Registration Agent as they shall deem necessary and proper with respect to the obligations, duties and rights of the Registration Agent. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

(f) The Series 2020 Bonds shall be payable, both principal and interest, in lawful money of the United States of America at the main office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Series 2020 Bonds by check or draft on each interest payment date directly to the registered owners as shown on the Series 2020 Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by depositing said payment in the United States mail, postage prepaid, addressed to such owners at their addresses shown on said Series 2020 Bond registration records, without, except for final payment, the presentation or surrender of such registered Series 2020 Bonds, and all such payments shall discharge the obligations of the Counties in respect of such Series 2020 Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Series 2020 Bonds shall be made upon presentation and surrender of such Series 2020 Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a 360-day year composed of twelve months of 30 days each. If requested by any registered owner of at least \$1,000,000 in aggregate principal amount of the Series 2020 Bonds, payment of interest on such Series 2020 Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

(g) Any interest on any Series 2020 Bond that is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the Counties to the persons in whose names the Series 2020 Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Counties shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Series 2020 Bond and the date of the proposed payment, and at the same time the Counties shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than 15 nor less than ten days prior to the date of the proposed payment to the registered owners. The Registration Agent

shall promptly notify the Counties of such Special Record Date and, in the name and at the expense of the Counties, not less than ten days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Series 2020 Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Series 2020 Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the Counties to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Series 2020 Bonds when due.

(h) The Series 2020 Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his or her legal representative duly authorized in writing, of the registered Series 2020 Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Series 2020 Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Series 2020 Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Series 2020 Bond or the Series 2020 Bond to the assignee(s) in \$100,000 denominations, or any integral multiple of \$5,000 in excess thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Series 2020 Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Series 2020 Bond, nor to transfer or exchange any Series 2020 Bond after the publication of notice calling such Series 2020 Bond for redemption has been made, nor to transfer or exchange any Series 2020 Bond during the period following the receipt of instructions from the Counties to call such Series 2020 Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Series 2020 Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Series 2020 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Counties nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Series 2020 Bonds shall be overdue. The Series 2020 Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of the Series 2020 Bonds of the same maturity in any authorized denomination or denominations.

(i) The Series 2020 Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf of the Counties, by their Mayors and attested by their County Clerks.

(j) Except as otherwise provided in this Resolution, the Series 2020 Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. References in this Section to a Series 2020 Bond or the Series 2020 Bonds shall be construed to mean the Series 2020 Bond or the Series 2020 Bonds that are held under the Book-Entry System. One Series 2020 Bond for each maturity shall be issued to DTC and immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Series 2020 Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Series 2020 Bonds. Beneficial ownership interests in the Series 2020 Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Series 2020 Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial

Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Series 2020 Bonds. Transfers of ownership interests in the Series 2020 Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE SERIES 2010 BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2010 BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE REGISTRATION AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Series 2020 Bonds, so long as DTC is the only owner of the Series 2020 Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co. as provided in the Letter of Representation relating to the Counties (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The Counties and the Registration Agent shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as securities depository for the Series 2020 Bonds or (2) the Counties determine that the continuation of the Book-Entry System of evidence and transfer of ownership of the Series 2020 Bonds would adversely affect its interests or the interests of the Beneficial Owners of the Series 2020 Bonds, the Counties shall discontinue the Book-Entry System with DTC. If the Counties fail to identify another qualified securities depository to replace DTC, the Counties shall cause the Registration Agent to authenticate and deliver replacement Series 2020 Bonds in the form of fully registered Series 2020 Bonds to each Beneficial Owner.

THE COUNTIES AND THE REGISTRATION AGENT SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE SERIES 2010 BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2010 BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS, (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2010 BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

(k) The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Series 2020 Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Series 2020 Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Series 2020 Bonds and provision of notices with respect to Series 2020 Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the owners of the Series 2020 Bonds, provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.

(l) The Registration Agent is hereby authorized to authenticate and deliver the Series 2020 Bonds to the Underwriter, upon receipt by the Counties of the proceeds of the sale thereof and to authenticate and deliver Series 2020 Bonds in exchange for Series 2020 Bonds of the same principal amount delivered for transfer upon receipt of the Series 2020 Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Series 2020 Bonds shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an officer thereof on the certificate set forth herein on the Series 2020 Bond form.

(m) In case any Series 2020 Bond shall become mutilated, or be lost, stolen, or destroyed, the Counties, in its discretion, shall issue, and the Registration Agent, upon written direction from the Counties, shall authenticate and deliver, a new Series 2020 Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Series 2020 Bond, or in lieu of and in substitution for such lost, stolen or destroyed Series 2020 Bond, or if any such Series 2020 Bond shall have matured or shall be about to mature, instead of issuing a substituted Series 2020 Bond the Counties may pay or authorize payment of such Series 2020 Bond without surrender thereof. In every case the applicant shall furnish evidence satisfactory to the Counties and the Registration Agent of the destruction, theft or loss of such Series 2020 Bond, and indemnity satisfactory to the Counties and the Registration Agent; and the Counties may charge the applicant for the issue of such new Series 2020 Bond an amount sufficient to reimburse the Counties for the expense incurred by it in the issue thereof.

Section 4. Source of Payment. The Series 2020 Bonds shall be joint and several obligations of the Counties, payable solely from and secured solely by a pledge of the Net Revenues, on parity with the lien on the Net Revenues in favor of the SRF Loan Agreements and any Parity Bonds hereafter issued. The punctual payment of principal of and premium, if any, and interest on the Series 2020 Bonds and any Parity Bonds shall be secured equally and ratably by the Net Revenues without priority by reason of series, number or time of sale or delivery. The Series 2020 Bonds do not constitute a debt of the State of Tennessee, or any political subdivision thereof, or municipal corporation therein, other than the Counties, and no holder of the Series 2020 Bonds shall have recourse to the taxing power of any such entities. The owners of the Series 2020 Bonds shall have no recourse to the power of taxation of the Counties or any other funds or monies thereof, other than Net Revenues of the System.

Section 5. Form of Series 2020 Bonds. The Series 2020 Bonds shall be in substantially the following form, the omissions to be appropriately completed when the Series 2020 Bonds are prepared and delivered:

(Form of Series 2020 Bond)

REGISTERED
Number ____

REGISTERED
\$ _____

UNITED STATES OF AMERICA

STATE OF TENNESSEE

LOUDON COUNTY, TENNESSEE

MONROE COUNTY, TENNESSEE

WATER AND SEWER REVENUE BOND, SERIES 2020

Interest Rate: _____ % Maturity Date: _____, _____ Date of Bond: _____, _____ CUSIP No: _____

Registered Owner: _____

Principal Amount: _____ DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the Counties of Loudon, Tennessee and Monroe, Tennessee (the "Counties"), for value received hereby promise 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, 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, said interest being payable on July 1, 2020, and semi-annually thereafter on the first day of January and July in each year until this Bond matures or is redeemed. Both principal hereof and interest hereon are payable in lawful money of the United States of America at the principal corporate trust office of _____, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond on each interest payment date to the registered owner hereof shown on the bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at such owner's address shown on said bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the Counties to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the persons in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten days prior to such Special Record Date. Payment of principal of and premium, if any, on this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC

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

This Bond is one of a total authorized issue aggregating \$ _____ and issued by the Counties for the purpose of providing funds to pay the costs of the construction of extensions and improvements (the "Project") to the water and sewer system (the "System") jointly owned by the Counties and operated on the Counties' behalf by the Board of Directors of the Tellico Area Services System and pay the costs of issuance of the Bonds, under and in full compliance with Tennessee Code Annotated Section 7-34-101 et seq., and pursuant to resolutions duly adopted by the Boards of County Commissioners of the Counties at meetings held on _____, 2020 and _____, 2020 (the "Resolutions").

This Bond is a joint and several obligation of the Counties, payable solely from and secured by a pledge of revenues to be derived from the operation of the System, subject to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring the System, on parity with the pledge in favor of the Counties' State Revolving Fund Loan Agreements identified as 07-198 and 07-198A (together, the "SRF Loan Agreements"). As provided in the Resolution, the punctual payment of principal of and interest on the series of the Bonds of which this Bond is one, the SRF Loan Agreements and any other bonds hereafter issued on a parity therewith, shall be secured equally and ratably by said revenues without priority by reason of series, number or time of sale or delivery. Said revenues are required by law and by the proceedings pursuant to which this Bond is issued to be fully sufficient to pay the cost of operating, maintaining, repairing and insuring the System, including reserves therefor, and to pay principal of and interest on this Bond and the issue of which it is a part promptly as each becomes due and payable. The Counties have covenanted and do 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 and the issue of which it is a part as each becomes due. This Bond and the interest hereon are payable solely from the revenues so

pledged to the payment hereof, and this Bond does not constitute a debt of the Counties within the meaning of any statutory limitation. 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 Resolution may be modified, reference is hereby made to the Resolution.

The Bonds of the issue of which this Bond is one shall be subject to redemption prior to maturity at the option of the Counties on or after July 1, 2029, as a whole or in part at any time at the redemption price of par plus interest accrued to the redemption date. If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Boards of County Commissioners of the Counties, in their discretion. If less than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

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

(ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

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

<u>Final Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds Redeemed</u>
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*Final Maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the Counties may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent

and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Counties on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced.]

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any such defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Counties nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth in the Resolution, as hereafter defined. In the case of a Conditional Redemption, the failure of the Counties to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

If this Bond is no longer registered in the name of Cede & Co. as nominee for DTC, this Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the principal corporate trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution, as hereafter defined, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Counties nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the Counties to call such Bond for redemption.

This Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the principal corporate trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution, as hereafter defined, and upon surrender and cancellation of this Bond. Upon such

transfer a new Bond or Bonds of authorized denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Counties nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the Counties to call such Bond for redemption.

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

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

IN WITNESS WHEREOF, the Counties have caused this Bond to be signed by their County Mayors and attested by their County Clerks, all as of the date hereinabove set forth.

LOUDON COUNTY, TENNESSEE

By: _____
County Mayor

(SEAL)

ATTESTED:

County Clerk

MONROE COUNTY, TENNESSEE

By: _____
County Mayor

(SEAL)

ATTESTED:

County Clerk

Transferable and Payable at: _____

Date of Registration: _____

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

Registration Agent

By: _____
Authorized Officer

(FORM OF ASSIGNMENT)

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

Dated: _____

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

Signature guaranteed:

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

[End of Bond Form]

Section 6. Equality of Lien; Pledge of Net Revenues. The punctual payment of principal of, premium, if any, and interest on the SRF Loan Agreements, the Series 2020 Bonds and any Parity Bonds shall be secured equally and ratably by the Net Revenues, without priority by reason of number or time of sale or execution or delivery. The Net Revenues are hereby irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due.

Section 7. Funds, Accounts and Subaccounts; Application of Revenues. (a) The following funds, accounts and subaccounts are hereby established, and the money deposited in such funds, accounts and subaccounts shall be held in trust for the purposes set forth in this Resolution:

(1) Waterworks System Revenue Fund (the "Revenue Fund") to be held by the Board;

(2) Waterworks System Sinking Fund (the "Bond Fund") to be held by the Board; and

(3) Debt Service Reserve Fund (the "Reserve Fund"), to be held by the Board, with a subaccount for each series of Bonds which has a Reserve Fund Requirement; provided a subaccount therein may be utilized for more than one series of Bonds if all such series of Bonds are specified in the resolution authorizing such Bonds to share a pledge of such account and have a combined Reserve Fund Requirement. Nothing herein shall prohibit the Counties from issuing one or more series of Bonds without a Reserve Fund Requirement and no deposit to the Reserve Fund and no Reserve Fund Credit Facility shall be required in connection therewith. The SRF Loan Agreements shall not benefit from any reserve account established for the benefit of the

Series 2012 Bonds or any Parity Bonds, nor shall the Series 2012 Bonds or any Parity Bonds benefit from any reserve established for the benefit of the SRF Loan Agreements.

(b) From and after the delivery of any of the Series 2020 Bonds hereunder, and as long as any of the Bonds shall be outstanding and unpaid either as to principal or as to interest, or until the discharge and satisfaction of all the Bonds, the Gross Earnings of the System shall be deposited as collected by the Board or the Counties to the Revenue Fund hereby established (the "Revenue Fund"), administered and controlled by the Board Counties. The funds so deposited in the Revenue Fund created under this Resolution shall be used only as follows:

(1) The money in the Revenue Fund shall be used first from month to month for the payment of Current Expenses.

(2) The money thereafter remaining in the Revenue Fund shall next be used to pay debt service on the SRF Loan Agreements and make deposits into the Bond Fund and used to pay principal of and interest on the Bonds as the same become due, either by maturity or mandatory redemption. In the event the money in the Revenue Fund is insufficient to pay debt service on the SRF Loan Agreements and make the required deposit to the Bond Fund, such money shall be applied to the SRF Loan Agreements payment and the Bond Fund deposit pro rata in proportion to the scheduled payment thereon and deposit therein. Such deposits shall be made monthly until the Bonds are paid in full or discharged and satisfied pursuant to Section 14 hereof, beginning in the month next following delivery of the Series 2020 Bonds. For the period commencing with the month next following the delivery of any Bonds, to and including the month of the next interest payment date for such Bonds, each monthly deposit as to interest shall be an amount that, together with all other monthly deposits of approximately equal amounts during such period and amounts otherwise in said Fund, will be equal to interest due on such Bonds on the next interest payment date, and for each six month period thereafter, each monthly deposit as to interest for such Bonds shall be an amount equal to not less than one-sixth (1/6th) of the interest coming due on such Bonds on the next interest payment date net of any interest earnings on such amounts. For the period commencing with the month next following the delivery of any Bonds to and including the month of the next principal payment for such Bonds, each monthly deposit as to principal shall be an amount that, together with all other monthly deposits during such period and amounts otherwise in said Fund, will be equal to the principal due on such Bonds on the next principal payment date (provided that, in the event that the next principal payment date is more than 12 months following the month next following delivery of such Bonds, monthly deposits to the Bond Fund in respect of principal shall begin in the month which is 12 months prior to the month of the next principal payment date), and for each twelve-month period thereafter, each monthly deposit as to principal for such Bonds shall be an amount equal to not less than one-twelfth (1/12th) of the principal amount coming due on such Bonds, whether by maturity or mandatory redemption, on the next principal payment date net of any interest earnings on such amounts. No further deposit shall be required as to any Bonds when the Bond Fund balance is equal to or greater than the amount needed to pay interest on the next interest payment date and the total of the principal amounts payable, either by maturity or mandatory redemption, during the applicable twelve-month period. Notwithstanding the foregoing, deposits for payment of interest and principal on Variable Rate Indebtedness shall be made as set forth in the resolution authorizing such Variable Rate Indebtedness, and if interest is not paid semi-annually and/or principal is not paid annually with respect to any Bonds, the deposits may be adjusted by the Counties as provided in the resolution authorizing the issuance of such Bonds. Money in the Bond Fund shall be used and is hereby expressly pledged for the purpose of paying principal of and interest on the Bonds.

(3) The next available money in the Revenue Fund shall be paid to any Reserve Fund Credit Facility Issuer or Issuers (pro rata, if more than one) to the extent needed to reimburse the Reserve Fund Credit Facility Issuer for amounts advanced by the Reserve Fund Credit Facility Issuer or Issuers under the Reserve Fund Credit Facility, including any amounts payable under any Financial Guaranty Agreement, together with reasonable related expenses incurred by the Reserve Fund Credit Facility Issuer and interest as provided in the Financial Guaranty Agreement.

(4) To the extent any series of the Bonds has a Reserve Fund Requirement and such Reserve Fund Requirement is not fully satisfied by a Reserve Fund Credit Facility or Facilities or funds of the Counties or the Board, or a combination thereof, the next available money in the Revenue Fund shall be used to make deposits into the applicable subaccount of the Reserve Fund. No deposit shall be required to be made to the Reserve Fund unless the amount in the Reserve Fund, together with the Reserve Fund Credit Facility or Facilities, if any, becomes less than the applicable Reserve Fund Requirement. In the event deposits to the Reserve Fund shall be required pursuant to the preceding sentence, said deposits shall be payable monthly as hereafter provided and each deposit shall be in a minimum amount equal to 1/24th of the difference between the Reserve Fund Requirement and the amount in each subaccount of said Fund, together with the Reserve Fund Credit Facility or Facilities, if any, immediately following the occurrence of such deficiency, so that any deficiency in any subaccount of said Fund shall be replenished over a period of not greater than twenty-four (24) consecutive months; provided, any monthly payments in excess of said minimum payments shall be a credit against the next ensuing payment or payments. Any deposits required to be made hereunder shall be made monthly at the same time as deposits are made to the Bond Fund, commencing the first month in which the amount in the Fund, together with the Reserve Fund Credit Facility or Facilities, if any, is less than the Reserve Fund Requirement. All deposits to the Reserve Fund shall be made from the first money in the Revenue Fund thereafter received which shall not then be required to pay Current Expenses, be transferred into the Bond Fund, or to be paid to the Reserve Fund Credit Facility Issuer or Issuers as above provided. Money in the Reserve Fund shall be used solely for the purpose of paying principal of or interest on the Bonds for the payment of which funds are not available in the Bond Fund. Funds in excess of the Reserve Fund Requirement may be released to be used by the Counties or the Board for legally permissible purposes.

At the option of the Counties, the Counties may satisfy the Reserve Fund Requirement applicable to a series of Bonds, or a portion thereof, by providing for the benefit of owners of such series of Bonds a Reserve Fund Credit Facility or Facilities, at any time, in an amount not greater than the Reserve Fund Requirement applicable to such series of Bonds and release an equal amount of funds on deposit in the corresponding subaccount of the Reserve Fund to be used by the Counties or the Board for legally permissible purposes. In the event any Reserve Fund Credit Facility Issuer, or any successor thereto, shall cease to have a rating required for a Reserve Fund Credit Facility Issuer or any Reserve Fund Credit Facility becomes unenforceable for any reason, within 90 days from the date the Counties receive notice of either of said events, the Counties shall either substitute a new Reserve Fund Credit Facility or Facilities or commence funding the Reserve Fund from Net Revenues as required by the preceding paragraph hereof, or a combination thereof. At any time during the term hereof, the Counties shall have the right and option to substitute a new Reserve Fund Credit Facility or Facilities for any Reserve Fund Credit Facility or Facilities previously delivered, upon notice to the Registration Agent and the Reserve Fund Credit Facility Issuer or Issuers and delivery of a Reserve Fund Credit Facility or Facilities in substitution therefor. In the event of the issuance of Parity Bonds pursuant to the restrictive provisions of Section 12 hereof with a Reserve Fund Requirement or the substitution of a Reserve Fund Credit Facility or Facilities for less than the full amount of the Reserve Fund Requirement, the Counties shall satisfy the applicable Reserve Fund Requirement by depositing funds to the Reserve Fund or obtaining a Reserve

Fund Credit Facility or Facilities, or any combination thereof, in an aggregate amount equal to the applicable Reserve Fund Requirement for the series of Bonds taking into account any funds then held therein or the amount of any Reserve Fund Credit Facility or Facilities then in effect. The Mayors are authorized to act for the Counties in determining whether to provide a Reserve Fund Credit Facility for the Bonds.

In the event of the necessity of a withdrawal of funds from the Reserve Fund during a time when the Reserve Fund Requirement is being satisfied by a Reserve Fund Credit Facility or Facilities and funds of the Counties, the funds shall be disbursed completely before any demand is made on the Reserve Fund Credit Facility. In the event all or a portion of the Reserve Fund Requirement is satisfied by more than one Reserve Fund Credit Facility, any demand for payment shall be pro rata between or among the Reserve Fund Credit Facilities. If a disbursement is made by demand on a Reserve Fund Credit Facility, the Counties, from Revenues after payment of Current Expenses, and required deposits to the Bond Fund, shall reimburse the Reserve Fund Credit Facility Issuer for all amounts advanced under the Reserve Fund Credit Facility (pro rata, if more than one Reserve Fund Credit Facility), including all amounts payable under any Financial Guaranty Agreement or Agreements, and then replenish the Reserve Fund as provided herein.

In the event the Reserve Fund Requirement, or any part thereof, shall be satisfied with a Reserve Fund Credit Facility or Facilities, notwithstanding the terms of Section 14 hereof, the terms, covenants, liability and liens provided or created herein or in any resolution supplemental hereto shall remain in full force and effect and said terms, covenants, liability and liens shall not terminate until all amounts payable under any Financial Guaranty Agreement have been paid in full and all obligations thereunder performed in full. If the Counties shall fail to pay when due all amounts payable under any Financial Guaranty Agreement, the Reserve Fund Credit Facility Issuer shall be entitled to exercise any and all remedies available at law or under this Resolution other than remedies that would adversely affect owners of Bonds.

It shall be the responsibility of the Registration Agent to maintain adequate records, verified with the Reserve Fund Credit Facility Issuer or Issuers, as to the amount available to be drawn at any given time under the Reserve Fund Credit Facility or Facilities and as to the amounts paid and owing to the Reserve Fund Credit Facility Issuer or Issuers under the terms of any Financial Guaranty Agreement and to provide notice to the Reserve Fund Credit Facility Issuer at least two days before any payment is due. The Reserve Fund Credit Facility Issuer shall receive notice of the resignation or removal of the Registration Agent and the appointment of a successor thereto.

(c) The next available money in the Revenue Fund shall be used for the purpose of the payment of principal of and interest on (including reasonable reserves therefor) any Subordinate Lien Bonds or other obligations payable from revenues of the System, but junior and subordinate to the Bonds, and may thereafter be used by the Board for any legally permissible purpose, as the Board shall determine.

(d) Money on deposit in the Funds described in this Section may be invested by the Board in such investments as shall be permitted by applicable law, as determined by an authorized representative of the Board, all such investments to mature not later than the date on which the money so invested shall be required for the purpose for which the respective Fund was created. All income derived from such investments shall be regarded as revenues of the System and shall be deposited in the Revenue Fund. Such investments shall at any time necessary be liquidated and the proceeds thereof applied to the purpose for which the respective Fund was created; provided, however, that in no event shall moneys in the Reserve Fund be invested in instruments that mature more than two years from the date the money is

so invested. The Counties and the Board are each authorized to enter into contracts with third parties for the investment of funds in any of the Funds described herein.

(e) The Revenue Fund, the Bond Fund, and the Reserve Fund (except to the extent funded with a Reserve Fund Credit Facility or Facilities) shall be held and maintained by the Board and, when not invested, kept on deposit with a bank or 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 State law.

Section 8. Charges for Services Supplied by the System. While the Bonds remain outstanding and unpaid, the Counties covenant and agree that they will permit no free service to be furnished to any consumer or user whatsoever; that the charges for all services supplied through the medium of the System to all consumers and users shall be reasonable and just, taking into account and consideration the cost and value of the System and the cost of maintaining, operating, repairing and insuring the System, a proper and necessary allowance for the depreciation thereof, and the amounts necessary for the payment of principal of and interest on all obligations payable from revenues of the System; and that there shall be charged against all users of the services of the System such rates and amounts as shall be fully adequate to comply with the covenants of this Resolution.

The Counties covenant that the System will be operated on a fully metered basis and that the Counties will bill customers of the System on a monthly basis and, to the extent permitted by applicable law or regulation, will discontinue service to any customer whose bill remains unpaid 60 days following the mailing of such bill, until such bill, service charges and penalties shall have been paid in full.

Section 9. Covenants Regarding the Operation of the System. The Counties hereby covenant and agree with the owners of the Bonds so long as any of the Bonds shall remain outstanding:

(a) The Counties shall maintain the System in good condition and operate the System in an efficient manner and at reasonable cost and conduct all activities associated therewith or incident thereto.

(b) The Counties shall maintain insurance on the properties of the System of a kind and in an amount which would normally be carried by private companies engaged in a similar type and size of business, provided, the Counties shall not be required to insure beyond the limits of immunity provided by Sections 29-20-101 et seq., Tennessee Code Annotated, or other applicable law. The proceeds of any such insurance, except public liability insurance, 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) The Counties will cause to be kept proper books and accounts adapted to the System, will cause the books and accounts to be audited at the end of each Fiscal Year by a recognized independent certified public accountant or a firm of such accountant or accountants and, upon written request, will make available to any registered owner of the Bonds such audited financial statements. All expenses incurred in the making of the audits required by this subsection shall be regarded and paid as Current Expenses.

(d) The Counties will faithfully and punctually perform all duties with reference to the System required by the constitution and laws of the State, 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) The Counties shall continuously own, control, operate, and maintain the System in an efficient and economical manner and on a revenue producing basis and shall at all times prescribe, fix, maintain, and collect rates, fees, and other charges for the services and facilities furnished by the System fully sufficient at all times:

(1) for 100% of the Current Expenses and for the accumulation in the Revenue Fund of a reasonable reserve therefor, in an amount, if any, as shall be determined from time to time by the Counties; and

(2) such that Net Revenues in each Fiscal Year:

(A) will equal at least 120% of the Debt Service Requirement on the SRF Loan Agreements and all Bonds, and 100% of the Debt Service Requirement on any Subordinate Lien Bonds or other obligations then outstanding for such Fiscal Year;

(B) will enable the Counties to make all required payments, if any, into the Reserve Fund and on any Credit Facility Agreement;

(C) will enable the Counties to accumulate an amount, which, in the judgment of the Counties, is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the System, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the System; and

(D) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in this Resolution from prior Fiscal Years.

(f) The Counties will not sell, lease, mortgage, 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; provided, however, the use of any of the System facilities may at any time be permanently abandoned or any of the System facilities sold at fair market value, provided that:

(1) The Counties are in full compliance with all covenants and undertakings in connection with all bonds, notes and other obligations then outstanding and payable from the revenues of the System and any required reserve funds for such bonds, notes and other obligations have been fully established and contributions thereto are current;

(2) Any sale proceeds will be applied either (A) to redemption of Bonds and the prepayment of the SRF Loan Agreements, pro rata in proportion to the outstanding principal amount, in accordance with the provisions governing repayment of Bonds in advance of maturity, or (B) to the purchase of Bonds at the market price thereof so long as such price does not exceed the amount at which the Bonds could be redeemed on such date or the next optional redemption date as set forth herein or in the resolutions authorizing the Parity Bonds, or (C) to the construction or acquisition of facilities in replacement of the facilities so disposed of or other facilities constituting capital improvements to the System, or (D) the deposit to a replacement fund to be used to make capital improvements to the System;

(3) The abandonment, sale or disposition is for the purpose of disposing of facilities which are no longer necessary or no longer useful to the operation of the System and the operation of the System or revenue producing capacity of the System is not materially impaired

by such abandonment, sale or disposition or any facilities acquired in replacement thereof are of equivalent or greater value; and

(4) The Counties shall have received an opinion of nationally recognized bond counsel to the effect that such sale, lease, mortgage or other disposition will not jeopardize the exclusion from federal income taxation of interest on any Bonds then outstanding intended to be excludable from gross income for federal income tax purposes.

Nothing herein is intended to prohibit the lease purchase of equipment or facilities of the System hereafter to be put in service or to prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as the Counties is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

(g) Prior to the beginning of each Fiscal Year, the Counties shall prepare, or cause to be prepared, and adopted an annual budget of estimated revenues, Current Expenses, and capital expenditures for the System for the ensuing Fiscal Year in compliance with the rate covenant set forth in subsection (e) above, 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 any registered owner of a Bond upon written request.

(h) All officers or employees of the Counties or persons other than banks or other financial institutions having custody of funds of the Counties shall be under fidelity bond at all times in reasonable and customary amounts.

(i) The Counties 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 Counties 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; provided, nothing herein contained shall prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as the Counties are in full compliance with the covenants set forth herein immediately following such transfer or exchange.

(j) The Counties shall timely pay the amounts owed pursuant to the SRF Loan Agreements and duly perform its covenants and agreements thereunder. The Counties will not consent or agree to or permit any amendment to or otherwise take any action under or in connection with the SRF Loan Agreements which will increase the payments required thereunder or which will in any manner impair or adversely affect the rights of the holders of the Bonds.

Section 10. Remedies of Bond Owners. Any registered owner of any of the Bonds 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 Counties by the provisions of this Resolution, including the making and collecting of sufficient rates, the proper application of and accounting for revenues of the System, and the performance of all duties imposed by the terms hereof.

If any default be made in the payment of principal of, premium, if any, or interest on the Bonds, then upon the filing of suit by any registered owner of said Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Counties 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 Current Expenses, and to apply the income and revenues thereof in conformity with the provisions of this Resolution.

Section 11. Prohibition of Prior Lien; Parity Bonds; Subordinate Lien Bonds. The Counties 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 Bonds. Additional bonds, notes, Loan Agreements or obligations may hereafter be issued on parity with the Bonds under the following conditions but not otherwise:

(a) Any portion (including any maturities or portions thereof whether or not in chronological order and any amounts subject to mandatory redemption) or all of a series of the Bonds may be refunded at maturity, upon redemption in accordance with their terms, or upon payment, prepayment or redemption with the consent of the owners of such Bonds, and the refunding bonds so issued shall constitute Parity Bonds secured on a parity with the Bonds thereafter outstanding, if all of the following conditions are satisfied:

(1) the Counties shall have obtained a report from a Financial Advisor demonstrating that the refunding is expected to reduce the total debt service payments on the Bonds, as applicable; and

(2) the requirements of subsections (b)(2) and (4) below are met with respect to such refunding.

(b) Parity Bonds (including refunding Parity Bonds which do not meet the requirements of (a)) may also be issued on a parity with outstanding Bonds, and the Parity Bonds so issued shall be secured on a parity with such outstanding Bonds, if all of the following conditions are satisfied:

(1) There shall have been procured and filed with the Counties a report by a Financial Advisor or a certificate by the Superintendent of the System, or his or her designee, to the effect that the historical Net Revenues for either (i) a period of 12 consecutive months of the most recent 18 consecutive months prior to the issuance of the proposed Parity Bonds or (ii) the most recent audited Fiscal Year, were equal to at least 120% of Maximum Annual Debt Service Requirement on the SRF loan Agreements and all Bonds which will be outstanding immediately after the issuance of the proposed Parity Bonds, in the then current and each succeeding Fiscal Year, provided, however, the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to 100% of the increased annual amount attributable to any revision in the schedule of rates, fees, and charges for the services and facilities furnished by the System, imposed prior to the date of delivery of the proposed Parity Bonds and not fully reflected in the historical related Net Revenues actually received during such historical period used.

(2) The Counties shall have received, at or before issuance of the Parity Bonds, a report from a Financial Advisor or a certificate of the Superintendent of the System, or his or her designee, to the effect that (x) the payments required to be made into the Bond Fund have been made and the balance in the Bond Fund is not less than the balance required hereby as of the date of issuance of the proposed Parity Bonds; and (y) the Reserve Fund is funded to the extent required under the resolutions authorizing Bonds with a Reserve Fund Requirement, if any, and any Reserve Fund Requirement applicable to the Parity Bonds will be funded to the extent required under the applicable resolution immediately following the issuance of the proposed Parity Bonds.

(3) The resolution authorizing the proposed Parity Bonds must require the proceeds of such proposed Parity Bonds to be used to make capital improvements to or capital acquisitions for the System, to fund interest on the proposed Parity Bonds, to refund other obligations issued for such purposes (whether or not such refunding Parity Bonds satisfy the requirements of (a)),

for any other legal purpose under applicable law as evidenced by an opinion of nationally recognized bond counsel, and/or to pay expenses incidental thereto and to the issuance of the proposed Parity Bonds.

(4) The Superintendent of the System shall have certified, by written certificate dated as of the date of issuance of the Parity Bonds, that the Counties are in compliance with all requirements of this Resolution.

(5) The Counties shall have complied with all applicable provisions of the SRF Loan Agreements relative to the issuance of additional bonds.

(c) All the provisions and covenants of this Resolution relating to negotiability and registration of Bonds, creation and investment of funds and the application of revenues, the operation of the System and charges for services of the System, the remedies of owners of the Bonds, the issuance of additional bonds, modification of this Resolution, the defeasance of Bonds, and such other provisions hereof as are appropriate may be incorporated by reference into supplemental resolutions authorizing additional bonds, and said provisions, when so incorporated, shall be equally applicable to the additional bonds issued pursuant to the terms of this Section in all respects and with like force and effect as though said provisions were recited in full in said supplemental resolutions and shall continue to be applicable so long as any such bonds remain outstanding.

(d) Notwithstanding anything herein to the contrary, each series of Parity Bonds may be issued with or without a Reserve Fund Requirement, may require cash funding of the Reserve Fund, if any, and may provide for the funding of the Reserve Fund, if any, over such period of time as is acceptable to the purchaser of such Parity Bonds all as specified in the resolution authorizing such Parity Bonds. Any such Parity Bonds shall be secured only by the Reserve Fund specified in the resolution authorizing such series of Parity Bonds and shall have no right to receive any payment from the Reserve Fund established for the Series 2020 Bonds or any other series of bonds, whether such additional bonds are issued as Parity Bonds or Subordinate Lien Bonds. Any series of Parity Bonds may be issued in Book-Entry Form and may be registered in the name of DTC or such other Depository as may be determined by the Counties, all to be specified in the resolution authorizing such Parity Bonds.

(e) In addition to Parity Bonds issued in accordance with the foregoing, the Counties may issue Subordinate Lien Bonds, subject to the terms to this Resolution or otherwise, provided that the security for such Subordinate Lien Bonds shall be subject in all respects to the lien in favor of the SRF Loan Agreements and the Bonds.

Section 12. Sale of the Series 2020 Bonds. (a) The Series 2020 Bonds shall be sold to the Underwriter at the price of not less than 98% of par and shall be dated the date of delivery of the Series 2020 Bonds.

(b) The County Mayors are authorized to change the dated date of the Series 2020 Bonds to a date other than the date of delivery, to change the first interest payment date on the Series 2020 Bonds to a date other than July 1, 2020, to establish the principal and interest payment dates and to designate maturity amounts of the Series 2020 Bonds, provided the total principal amount does not exceed the total amount authorized herein and the final maturity date of the Series 2020 Bonds does not exceed 25 years from the dated date of the Series 2020 Bonds, to provide for optional redemption premium so long as the premium, if any, shall not exceed two percent (2%) of the par amount of the Series 2020 Bonds called for redemption, to sell the Series 2020 Bonds as a single term bond with mandatory redemption requirements corresponding to the combined mandatory redemption amounts set forth in the Bond Purchase Agreement, as they shall deem most advantageous to the Counties, and to cause all or a portion of the Series 2020 Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company to achieve the purposes set forth herein and to serve the best interests of the Counties, as they, in consultation with the Underwriter of the Series 2020 Bonds, shall determine to be most advantageous to the Counties in the issuance and sale of the Series 2020 Bonds. The form of the Series 2020 Bond set forth in Section 5 hereof shall be conformed to reflect any changes made pursuant to this Section 12.

(c) The County Mayors are hereby authorized to execute a Bond Purchase Agreement with the Underwriter of the Series 2020 Bonds, providing for the purchase and sale of the Series 2020 Bonds. The form of Bond Purchase Agreement shall be in substantially the form attached hereto as Exhibit A.

(d) The County Mayors and the County Clerks, or any of them, are authorized to cause the Series 2020 Bonds to be authenticated by the Registration Agent and delivered to the Underwriter, and to execute, publish, and deliver all certificates and documents as they shall deem necessary in connection with the sale and delivery of the Series 2020 Bonds, including certificates and agreements setting forth covenants of the Counties as required by the issuer of any bond insurance policy.

(e) The County Mayors are authorized to enter into an engagement letter with Bass, Berry & Sims PLC to serve as bond counsel with respect to the Series 2020 Bonds.

Section 13. Disposition of Bond Proceeds. The proceeds of the sale of the Series 2020 Bonds (net of any underwriter's discount and/or bond insurance premiums withheld from such proceeds) shall be deposited in a special fund of the Board known as the "Series 2020 Project Fund" to be kept separate and apart from all other funds of the Counties. Moneys in the Project Fund shall be disbursed solely to pay the costs of the Project, pay capitalized interest during construction of the Project and for six months thereafter at the option of the Counties, reimburse the Counties for amounts previously spent to pay said costs, and pay costs of issuance of the Series 2020 Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance policy premiums, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Series 2020 Bonds and construction of the Project. Money in the Project 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 the Project Fund. Money in the Project Fund shall be expended only for the purposes authorized by this resolution. Any funds remaining in the Project Fund after completion of the Project and payment of authorized expenses shall be deposited to the Bond Fund. Moneys in the Project Fund shall be invested as directed by an authorized representative of the Board in such investments as shall be permitted by the Act.

Section 14. Discharge and Satisfaction of Bonds. If the Counties shall pay and discharge the indebtedness evidenced by all or any portion of the Bonds in any one or more of the following ways:

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

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

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

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

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

Except as otherwise provided in this Section, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Counties as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Counties, as received by the Registration Agent.

Notwithstanding the foregoing, the Counties may restrict its right to discharge and satisfy prior to maturity any series of Parity Bonds or Subordinate Lien Bonds as may be set forth in the resolution authorizing such series of Parity Bonds or Subordinate Lien Bonds.

Section 15. Modification of Resolution. (a) This Resolution may be amended without the consent of or notice to the registered owners of the Bonds for the purpose of curing any ambiguity or formal defect or omission herein; provided such amendment shall not adversely affect the registered owners, without taking into account any bond insurance policy.

(b) In addition to the amendments to this Resolution without the consent of registered owners as referred to in subsection (a) above, the registered owners of a majority in aggregate principal amount of the Bonds at any time outstanding (not including in any case any Bonds which may then be held or owned by or for the account of the Counties but including such refunding bonds as may have been issued for the purpose of refunding any of such Bonds if such refunding bonds shall not then be owned by the Counties) shall have the right from time to time to consent to and approve the adoption by the Governing Body of a resolution or resolutions modifying any of the terms or provisions contained in this Resolution; provided, however, that this Resolution may not be so modified or amended in such manner, without the consent of 100% of the registered owners of the Bonds, as to:

- (1) Make any change in the maturities or redemption dates of the Bonds;
- (2) Make any change in the rates of interest borne by the Bonds;
- (3) Reduce the amount of the principal payments or redemption premiums payable on the Bonds;
- (4) Modify the terms of payment of principal of or interest on the Bonds or impose any conditions with respect to such payments;
- (5) Affect the rights of the registered owners of less than all of the Bonds then outstanding;
- (6) Reduce the percentage of the principal amount of the Bonds the consent of the registered owners of which is required to effect a further modification.

Whenever the Counties shall propose to amend or modify this Resolution under the provisions of this Section, it shall cause notice of the proposed amendment to be mailed by first-class mail, postage prepaid, to the owner of each Bond then outstanding. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the offices of the Counties for public inspection.

Whenever at any time within one year from the date of mailing of said notice there shall be filed with the Secretary an instrument or instruments executed by the registered owners of at least a majority in aggregate principal amount of the Bonds then outstanding as in this Section defined, which instrument or instruments shall refer to the proposed amendatory resolution described in said notice and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the Counties may adopt such amendatory resolution and such resolution shall become effective and binding upon the owners of all Bonds.

If the registered owners of at least a majority in aggregate principal amount of the Bonds outstanding as in this section defined, at the time of the adoption of such amendatory resolution, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof as herein provided, no registered owner of any Bonds, whether or not such owner shall have consented to or shall have revoked any consent as in this Section provided, shall have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or

to the operation thereof or to enjoin or restrain the Counties from taking any action pursuant to the provisions thereof.

Any consent given by the registered owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the publication of the notice above provided for and shall be conclusive and binding upon all future registered owners of the same Bond during such period. Such consent may be revoked at any time after six months from the date of publication of such notice by the registered owner who gave such consent or by a successor in title by filing notice of such revocation at the Counties offices, but such revocation shall not be effective if the registered owners of a majority in aggregate principal amount of the Bonds outstanding as in this Section defined shall have, prior to the attempted revocation, consented to and approved the amendatory resolution referred to in such revocation.

The fact and date of the execution of any instrument under the provisions of this Section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him or her the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

The amount (number(s)) of the Bonds owned by any person executing such instrument and the date of the ownership of the same shall be proved by reference to the Bond registration records maintained by the Registration Agent, which records shall constitute conclusive proof of the ownership thereof.

Notwithstanding anything in this Section 15 to the contrary, no amendment authorized herein shall be effective if such amendment would violate the terms and conditions of the SRF Loan Agreements.

Section 16. Official Statement. The County Mayors of the Counties, or either of them, working with the Board and the Underwriter, are hereby authorized and directed to provide for the preparation and distribution of Preliminary Official Statements describing the Series 2020 Bonds, the Counties and the Board. The County Mayors of the Counties, or either of them, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The County Mayors of the Counties, or either of them, shall arrange for the delivery to the purchaser of a reasonable number of copies of the Official Statement within seven business days after the Series 2020 Bonds have been sold for delivery by the Underwriter to each potential investor requesting a copy of the Official Statement.

The County Mayors of the Counties, or either of them, are authorized, on behalf of the Counties, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the Counties except for the omission in the Preliminary Official Statement of such pricing and other information.

Section 17. Federal Tax Covenants.

(a) The Counties recognizes that the purchasers and holders of the Series 2020 Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon is

excluded from gross income for purposes of federal income taxation under laws in force on the date of delivery of the Series 2020 Bonds. Accordingly, the Counties agree that they shall take no action that may render the interest on any of said Series 2020 Bonds subject to federal income taxation. It is the reasonable expectation of the Governing Bodies that the proceeds of the Series 2020 Bonds will not be used in a manner which will cause the Series 2020 Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended (the "Code"), including any lawful regulations promulgated or proposed thereunder, and to this end the said proceeds of the Series 2020 Bonds and other related funds established for the purposes herein set out, shall be used and spent expeditiously for the purposes described herein. The Governing Bodies further covenant and represent that in the event it shall be required by Section 148(f) of the Code to pay any investment proceeds of the Series 2020 Bonds to the United States government, it will make such payments as and when required by said Section and will take such other actions as shall be necessary or permitted to prevent the interest on the Series 2020 Bonds from becoming subject to inclusion in the gross income for purposes of federal income taxation. The Mayors are authorized and directed to make such certifications in this regard in connection with the sale of the Series 2020 Bonds as any or all shall deem appropriate, and such certifications shall constitute a representation and certification of the Counties.

(b) The County Mayor is hereby granted the authority to designate the Series 2020 Bonds as "qualified tax-exempt obligations," as defined in Section 265 of the Code, to the extent the Series 2020 Bonds are not deemed designated as such and may be designated as such.

(c) It is reasonably expected that the Counties will reimburse themselves for certain expenditures made by it in connection with the Project by issuing the Series 2020 Bonds. 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 18. Continuing Disclosure. The Mayors are hereby authorized, if requested by the Underwriter of the Series 2020 Bonds, to enter into an agreement to provide annual financial information and notice of the occurrence or nonoccurrence of specified events to the holder of the Series 2020 Bonds. Failure of the Counties to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Series 2020 Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the Counties to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specified performance.

Section 19. Resolution a Contract. The provisions of this Resolution shall constitute a contract between the Counties and the registered owners of the Bonds, and after the issuance of the Series 2020 Bonds, no change, variation or alteration of any kind in the provisions of this Resolution shall be made in any manner, except as provided in Section 15 hereof, until such time as the Bonds shall have been paid in full or discharged pursuant to Section 14 hereof.

Section 20. 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 21. 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 22. Duties May be Charged to the Board. The Counties may satisfy their obligations hereunder regarding the operation of the System by causing the Board to undertake and comply with such obligations.

(signature page follows)

Adopted and approved on _____, 2020.

County Mayor

ATTEST:

County Clerk

EXHIBIT A

Form of Bond Purchase Agreement

(attached)

STATE OF TENNESSEE)
)
COUNTY OF LOUDON)

I, hereby certify that I am the duly qualified and acting County Clerk of Loudon County, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a meeting of the Board of County Commissioners of said County held on _____, 2020; 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 not to exceed \$6,500,000 in aggregate principal amount of Water and Sewer Revenue Bonds, Series 2020 of said County and Loudon County, Tennessee.

WITNESS my official signature and seal of said County this ____ day of _____, 2020.

County Clerk

(SEAL)

27331834.1

**Resolution
Authorizing
Loudon County to
Submit a 2020
Community
Development
Block Grant
Application**

Resolution # _____

**A RESOLUTION AUTHORIZING LOUDON COUNTY TO SUBMIT
A 2020 COMMUNITY DEVELOPMENT BLOCK GRANT
APPLICATION**

WHEREAS, the Community Development Block Grant (CDBG) Program as administered by the State of Tennessee offers grants to local jurisdiction to fund sewer and water line extensions, sewer and water system upgrades, as well as community livability projects, and

WHEREAS, the 2020 (CDBG) for Loudon County utilizing their Three Star status will allow for a CDBG request up to but not to exceed \$525,000.00 Federal Funding with a local match of \$156,818.00, and

NOW, THEREFORE, BE IT RESOLVED that Loudon County County Commission authorizes the Mayor to apply for Community Development Block Grant funds, up to but not to exceed \$525,000 of federal funding for a water tank, and

BE IT FURTHER RESOLVED, that the matching funds will come from Tellico Area Service System General Fund Account in the amount of 23% or \$156,818.00 of the total eligible project costs. The total CDBG grant application may be up to but will not exceed the amount of \$681,818.00.

Duly passed and approved this ____ day of _____, 2019

APPROVED: _____

ATTEST: _____