

Be it remembered that the Quarterly County Court of Loudon County, met in Special Session on November 17, 1975, at 9: A.M. The Honorable William H. Russell, County Judge, presided and Mrs. Addie Ruth Clarke, Deputy Clerk of said Court was present: Whereupon Chief Deputy Sheriff, Luke Bright, opened Court, led the Pledge of Allegiance to the Flag and introduced the Reverend William Horner, Paster of the Loudon United Methodist Church, of Loudon, who gave the invocation.

The following Squires were present:

J. J. Blair	Roy Bledsoe
I. D. Conner	Curtis Williams
R. P. Hamilton	Boyd Duckworth
J. G. Hudson	Terry G. Vann
James Hartsook	

CALL FOR BIDS ON
\$500,000.00 WATER AND
REVENUE BONDS

Judge Russell opened Court and reported that bids would now be recieved on the proposed issue of Five Hundred Thousand Dollars (\$500,000.00 in Water Revenue and Tax Bonds. Harvey Sproul, Attorney for the Tellico Area Service Systems, explained that there were no other bids.

SALE OF BONDS TO
FARMERS HOME ADMINISTRATION

A motion was made by Squire Conner, seconded by Squire Hudson, to approve a Resolution confirming the sale of Five Hundred Thousand Dollars (\$500,000.00) Water Revenue and Tax Bonds (TASS) of Loudon County, Tennessee, to the Farmers Home Administration. The vote to approve the Resolution was unanimous. The Resolution is attached hereto as Resolution No. 32-75, Exhibit A.

AUTHORIZATION FOR
\$500,000.00 BONDS

The Court then considered a Resolution authorizing the issuance of a Five Hundred Thousand Dollars (\$500,000.00) Water Revenue and Tax Bond (TASS) of Loudon County, Tennessee, and other related provisions. Upon motion of Squire Hudson, seconded by Squire Williams, the Court gave unanimous approval to the Resolution. The Resolution is attached hereto as Resolution No. 33-75, Exhibit B.

TRANSFER OF FUNDS
TO TASS

Upon motion of Squire Hudson, seconded by Squire Blair, the Court approved a Resolution authorizing the transfer of Five Hundred Thousand Dollars (\$500,000.00) Bond proceeds to Tellico Area Service Systems Water Revenue Construction Fund. The Resolution is attached hereto as Resolution No. 34-75, Exhibit C.

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INDUSTRIAL DEVELOPMENT
BOARD: ELECTION

Judge Russell then reported that action was required on a Resolution confirming the membership of the Board of Directors for the Industrial Development Board of Loudon County.

Squire Conner nominated Mr. Harry Wampler as a member of the Industrial Development Board.

Squire James Hartsook then submitted a Resolution which called for election of the full membership of the Board of Directors for the Industrial Development Board of Loudon County. Judge Russell reported that the name of Mr. Broady Harrison had been added to the list of orginial members to fill the vacated position of Mr. Cotton Easter. Squire Hartsook made a motion, seconded by Squire Blair, to approve the terms of membership, with the exception of the vacant position formerly held by Mr. Cotton Easter. The Resolution is attached hereto as Resolution No. 35-75, Exhibit D.

The following vote resulted in the selection of Mr. Harry Wampler to fill the position vacated by Mr. Cotton Easter.

AYE:

NAY:

Squire Hudson
Squire Hamilton
Squire Conner
Squire Bledsoe
Squire Williams
Squire Duckworth
Squire Vann

Squire Hartsook
Squire Blair

Upon motion of Squire Blair, seconded by Squire Vann, the Called Session of the Loudon County Quarterly Court was adjourned at 9:45 A.M.



William H. Russell
COUNTY JUDGE

Edward Alexander
COUNTY COURT CLERK

The Quarterly County Court of Loudon County, Tennessee, met in special session on November 17, 1975, at the County Courthouse with William H. Russell, County Judge, presiding and the following Squires were present:

Squire James Hartsook	Squire R. P. Hamilton
Squire Roy Bledsoe	Squire I. D. Conner
Squire Boyd Duckworth	Squire J. G. Hudson
Squire Curtis A. Williams	Squire J. J. Blair
Squire Terry G. Vann	

The following Squires were absent:

None

It was acknowledged that public notice of the time, place and purpose of the meeting had been given, upon the coming together at the appointed time at 9:00 o'clock, a.m., at the County Courthouse, Loudon, Tennessee.

After the meeting was duly called to order, bids were received for the purchase of \$500,000 Water Revenue and Tax Bonds, Series 1975A (Tellico Area Services System) pursuant to advertisement of sale. It being determined that no bids were received other than the offer of the Farmers Home Administration to purchase all of the bonds at par at a 5% interest rate, the following resolution was introduced by Squire I. D. Conner and seconded by Squire J. G. Hudson,

RESOLUTION NO. 32-75, EXHIBIT A

A RESOLUTION confirming the sale of \$500,000 Water Revenue and Tax Bonds, Series 1975A (Tellico Area Services System) of Loudon County, Tennessee.

Be it resolved by the Quarterly County Court of Loudon County, Tennessee that no other acceptable bid having been

Exhibit A

received at the public sale of \$500,000 Water Revenue and Tax Bonds Series 1975A (Tellico Area Services System) that such bonds be and they are hereby sold to the United States of America, acting through the Farmers Home Administration, at par at a 5% interest rate pursuant to the Loan Agreement with such Agency.

Upon the question being called, all those present voted aye. Whereupon, the County Judge declared the Ayes to have it, the motion carried, and the resolution adopted.

The following resolution was introduced by Squire Hudson, seconded by Squire C. Williams and after due deliberation, was adopted by the following vote:

AYE:

Squire J. J. Blair
Squire J. G. Hudson
Squire I. D. Conner
Squire R. P. Hamilton

Squire Curtis A. Williams
Squire James Hartsook
Squire Roy Bledsoe
Squire Boyd Duckworth
Squire Terry G. Vann

NAY:

None

RESOLUTION NO. 33-75, EXHIBIT B

A RESOLUTION AUTHORIZING THE ISSUANCE OF A FIVE HUNDRED THOUSAND (\$500,000) DOLLAR WATER REVENUE AND TAX BOND, SERIES 1975A (TELLICO AREA SERVICES SYSTEM) OF LOUDON COUNTY, TENNESSEE; PROVIDING FOR THE COLLECTION AND DISPOSITION OF THE REVENUES FROM THE WATER SYSTEM; AND MAKING PROVISIONS FOR THE OPERATION OF SAID SYSTEM, THE ISSUANCE AND SALE OF SALE BOND, AND THE LEVY OF TAX UNDER CERTAIN CONDITIONS.

WHEREAS, the Quarterly County Court of Loudon County, Tennessee has by Initial Resolution dated August 4, 1975 approved the issuance of \$500,000 Water Revenue and Tax Bonds of the county; and

WHEREAS, no proceedings or petitions have been threatened or instituted opposing or contesting the validity of the proposed bonds; and

WHEREAS, it is necessary and advisable to authorize the issuance of revenue and tax deficiency bonds of the county for the purpose of obtaining funds to aid in financing improvements and extensions to the Tellico Area Services System waterworks system, which is a joint project developed with Monroe County.

NOW, THEREFORE, BE IT RESOLVED by the Quarterly County Court of Loudon County, Tennessee, as follows:

Section 1. Authority. The bond authorized by this resolution is issued pursuant to Sections 5-1101 to 5-1125, inclusive, of Tennessee Code Annotated and other applicable provisions of law.

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

(a) "the county" shall mean Loudon County, Tennessee;

(b) "the bond" shall mean the \$500,000 Water Revenue and Tax Bond, Series 1975A (Tellico Area Services System) of the county, authorized to be issued by this resolution, or the serial bonds for which the installment bond may be exchanged pursuant to Section 3 hereof; "parity bonds" shall mean bonds issued on a parity with the bond herein authorized in accordance with the restrictive provisions of Section 10 hereof; "prior lien bonds" shall mean the county's outstanding \$350,000 Water Revenue and Tax Bond (Tellico Area Services System) dated August 14, 1975 and the outstanding \$350,000 Water Revenue and Tax Bond (Tellico Area Services System) of Monroe County, Tennessee dated August 14, 1975;

(c) "the system" and "the project" shall each mean the complete water system, improvements and extensions to which are to be constructed in part from the proceeds of the bond in accordance with an engineering report dated April 19, 1974, and plans and specifications prepared by John Coleman Hayes, Jr. and Associates, Nashville, Tennessee (herein sometimes called "the Consulting Engineers"), and all waterworks properties of every nature hereafter owned by Loudon and Monroe Counties and operated as the Tellico Area Services System by the Tellico Area Services Board, (established pursuant to Contract dated December 3, 1970 between Loudon County and Monroe County, Tennessee,) including all improvements and extensions to the system by either Loudon or Monroe County while the bond or parity bonds remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the waterworks system, and including all appurtenances, contracts, leases, franchises and other intangibles;

(d) "net revenues" shall mean gross earnings of the system from all sources after deduction of current expenses. "Current expenses" shall include the reasonable and necessary cost of operating, maintaining, repairing and insuring the system, including cost of water at wholesale, salaries, wages, cost of material and supplies and insurance, but shall exclude depreciation and payments into the Bond and Interest Sinking Fund, including the debt service reserve, and the Repair and Extension Fund;

(e) "fiscal year" shall mean the twelve months' period beginning July 1 of each year and ending June 30 of the following year.

(f) "the original purchasers" shall mean the purchaser of the bond as specified in Section 11 hereof;

(g) "the Government" shall mean Farmers Home Administration, United States Department of Agriculture.

Section 3. Authorization and Terms of the Bond. For the purpose of procuring funds to pay part of the cost of constructing improvements and extensions to the system, including the payment of legal, fiscal and engineering costs incident thereto, and interest during construction of the system improvements and extensions and for six months thereafter, there is hereby authorized to be issued a revenue and tax deficiency bond of the county in the principal amount of not to exceed \$500,000. The bond shall be in the form of a fully registered installment bond, without coupons, shall be known as "Water Revenue and Tax Bond, Series 1975A (Tellico Area Services System)", and shall be dated as of the date of delivery thereof unless interim certificates are issued as hereinafter authoreized, in which event the bond shall be dated the date of delivery of the first interim certificate. The bond shall be payable as to principal in installments on January 1, as follows:

<u>Years</u> <u>(Inclusive)</u>	<u>Amount</u>
1978-1981	\$ 5,000
1982-1985	6,000
1986-1987	7,000
1988-1990	8,000
1991-1992	9,000
1993-1994	10,000
1995-1996	11,000
1997-1998	12,000
1999	13,000
2000-2001	14,000
2002	15,000
2003	16,000
2004-2005	17,000
2006	18,000
2007	19,000
2008	20,000
2009	21,000
2010	22,000
2011	23,000
2012	24,000
2013	26,000
2014	27,000
2015	28,000

The bond shall bear interest at the rate of five (5%) percent per annum, payable semi-annually on January 1 and July 1 of each year, with the first interest payment due on January 1 or July 1 next following delivery of the bond. All payments in respect of such bond, principal and interest, shall be made directly to the registered owner at his address shown on the Bond Registration Book of the county, without, except for final payment, the presentation or surrender of such registered bond, and all such payments shall discharge the obligation of the county in respect of such bond.

The county shall have the right, at its option, to prepay the bond or any installments or any installment thereof, in whole or in part, at any time, without penalty. Any partial prepayment shall be applied on installments in inverse order of maturity. Notice of prepayment shall be given to the registered holder of the bond not less than thirty (30) days prior to the date of prepayment.

The bond shall be signed by the County Judge of the county, shall be attested by the County Court Clerk, and shall have impressed thereon the corporate seal of the county.

At the request of the holder of the installment bond the county shall cause to be prepared, executed and delivered to the holder, in exchange for such installment bond, serial bonds in an aggregate principal amount equal to the principal amount of such installment bond then unpaid, having maturities corresponding to the maturities of the installments of principal of such installment bond then unpaid, and bearing interest at the same rate or rates as

provided in such installment bond. Upon any such exchange, such installment bond shall be cancelled. The reasonable expenses in connection with such exchange shall be paid by the holder of the installment bond.

Section 4. Source of Payment. The bond shall be payable primarily from and be secured by a pledge of the net revenues to be derived from the operation of the system as hereinafter provided, subject to prior lien bonds; and in the event such revenues are insufficient therefor, the bond shall be payable from ad valorem taxes to be levied on all taxable property within the corporate limits of the county without limitation as to time, rate or amount.

Section 5. Form of Bond. The bond, the registration provisions and form of assignment to appear on the reverse side thereof, and the payment record and schedule of principal installments on which payments have been made prior to maturity shall be in substantially the following form, the omissions to be appropriately completed when the bonds are printed:

(Form of Fully Registered Bond)

UNITED STATES OF AMERICA

STATE OF TENNESSEE

COUNTY OF LOUDON

WATER REVENUE AND TAX BOND, SERIES 1975A
(Tellico Area Services System)

R-1

\$500,000

KNOW ALL MEN BY THESE PRESENTS: That Loudon County, Tennessee, for value received hereby promises to pay to the registered owner hereof, or its registered assigns, in the

manner and from the revenues hereinafter provided, the sum of Five Hundred Thousand Dollars (\$500,000) on the first day of January in years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1978	\$ 5,000	1997	\$ 12,000
1979	5,000	1998	12,000
1980	5,000	1999	13,000
1981	5,000	2000	14,000
1982	6,000	2001	14,000
1983	6,000	2002	15,000
1984	6,000	2003	16,000
1985	6,000	2004	17,000
1986	7,000	2005	17,000
1987	7,000	2006	18,000
1988	8,000	2007	19,000
1989	8,000	2008	20,000
1990	8,000	2009	21,000
1991	9,000	2010	22,000
1992	9,000	2011	23,000
1993	10,000	2012	24,000
1994	10,000	2013	26,000
1995	11,000	2014	27,000
1996	11,000	2015	28,000

and to pay interest on the unpaid balance hereof at the rate of Five Per Cent (5%) per annum from the date hereof until the principal amount hereof shall have been fully paid, said interest being payable on the first day of January or July next following the date hereof, and semi-annually thereafter on the first day of January and July in each year. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft mailed to the registered owner at the address shown on the bond registration book, and such payments shall discharge the obligation of the issuer hereof to the extent of the payments so made. Upon final payment this bond shall be submitted to the Registrar for cancellation.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the county. Any such prepayment shall, after payment of interest, be applied to the installments last to become due under this bond and shall not affect the obligation of the county to pay the remaining installments as scheduled herein. Notice of prepayment shall

be given to the registered holder hereof not less than thirty (30) days prior to the date of prepayment.

This bond is transferable by the registered holder hereof, or by his attorney duly authorized in writing, on the registration books of the county at the office of the County Court Clerk of the county, as Bond Registrar, upon presentation hereof at such office for verification of the endorsements made on the Payment Record attached hereto of the principal hereof and interest hereon paid or prepaid, and the notation of such registration by the Bond Registrar. All assignees shall take this bond subject to such condition. The county may treat the registered owner as the absolute owner hereof for all purposes, and shall not be affected by any notice to the contrary whether or not any payments due on this bond shall be overdue.

This bond is issued by Loudon County, Tennessee, for the purpose of paying part of the cost of constructing improvements and extensions to the Tellico Areas Services System waterworks system, which is a joint project developed and operated with Monroe County, Tennessee, as Tellico Area Services System under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 5-1101 to 5-1125, inclusive, of Tennessee Code Annotated, and other applicable provisions of law, and pursuant to a resolution duly adopted by the Quarterly County Court of Loudon County on the ____ day of ____, 1975.

This bond is payable primarily from and secured by a pledge of the income and revenues to be derived from the operation of the Tellico Area Services System, subject only to the payment of the reasonable and necessary cost of

operating and maintaining said system and to a prior pledge of revenues in favor of the County's outstanding \$350,000 Water Revenue and Tax Bond (Tellico Area Services System) dated August 14, 1975, and the outstanding \$350,000 Water Revenue and Tax Bond (Tellico Area Services System) of Monroe County dated August 14, 1975. Said county has covenanted and does hereby covenant that it will fix and impose such rates and charges for the services rendered by said system and will collect and account for sufficient revenues to pay promptly the principal of and interest on this bond as each becomes due. In the event of a deficiency of such revenues, this bond, and the issue of which it is a part, are payable from unlimited ad valorem taxes to be levied on all taxable property within said county. For the prompt payment of such principal and interest in the event of a deficiency of such revenues, the full faith, credit, and resources of said county are irrevocably pledged. For a more complete statement of the revenues from which and conditions under which this bond is payable, a statement of the conditions on which obligations may hereafter be issued on a parity with this bond, the general covenants and provisions pursuant to which this bond is issued and the terms upon which the above described resolution may be modified, reference is hereby made to said resolution.

This bond is exchangeable for serial coupon bonds at the expense of the holder as more fully provided in the resolution authorizing this bond.

This bond and the income herefrom are exempt from all state, county, and municipal taxation in the State of Tennessee, except inheritance, transfer, and estate taxes.

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, Loudon County, Tennessee, has caused this bond to be signed by its County Judge and attested by its County Court Clerk under the corporate seal of the county, all as of this _____ day of _____, 197 .

LOUDON COUNTY, TENNESSEE

BY: _____
County Judge

(SEAL)

ATTEST:

County Court Clerk

(Form of Assignment)

For Value Received, the undersigned sells, assigns,
and transfers unto _____
the within bond of Loudon County, Tennessee, and does hereby
irrevocably appoint _____ attorney to
transfer the said bond on the books of the County Court Clerk
of Loudon County, Tennessee, as Bond Registrar, with full
power of substitution in the premises.

Dated: _____

WITNESS:

(Form of Registration Provisions)

(No writing in this blank except by the Registrar).

Date of Registration	:	In Whose Name Registered	:	Signature of Registrar
	:		:	
	:		:	
	:		:	
	:		:	

(Form of Payment Record)

PAYMENT RECORD

<u>Due Date</u>	<u>Principal Payment</u>	<u>Principal Balance Due</u>	<u>Interest Payment (%)</u>	<u>Date Paid</u>	<u>Signature Agent</u>

SCHEDULE "A"

Principal installments on which payments have been made prior to maturity.

Principal Due

<u>Date</u>	<u>Amount</u>	<u>Principal Payment</u>	<u>Balance</u>	<u>Date Paid</u>	<u>Signature of Paying Agent</u>
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Section 6. Application of Revenues. From and after the delivery of the bond hereunder, and as long as the bond shall be outstanding and unpaid either as to principal or as to interest, or until there shall have been accumulated in the Sinking Fund hereinafter provided an amount sufficient to retire the bond and any outstanding parity bonds, including interest accrued and to accrue thereon to such retirement date, the entire income and revenues of the system remaining after satisfying the contractual obligations set forth in the proceedings authorizing prior lien bonds shall be deposited as collected with a bank or trust company which is a member of the Federal Deposit Insurance Corporation, in a fund to be known as "1975A Tellico Area Services System Water Revenue Fund", hereinafter sometimes called "the Revenue Fund", which fund shall be maintained jointly with Monroe County in a qualified bank or trust company designated by such counties. This fund shall be subject to withdrawals upon the order of the county, shall be subject to the supervision of the County Judge and County Trustee of Loudon County and Monroe County, and shall be used only as follows:

(a) The money in the Revenue Fund shall be disbursed first from month to month for the payment of current expenses in the manner herein provided. There is hereby established a fund to be designated "1975A Tellico Area Services System Water System Operation and Maintenance Fund". The first available money in the Revenue Fund shall be used to deposit in the Operation and Maintenance Fund on or before the fifteenth day of each month an amount which, together with any money already on deposit in said fund, or in any corresponding fund established by resolution authorizing prior lien bonds, will equal one-fourth of the amount budgeted and approved for current expenses for the current fiscal year by the governing body of the county as provided in Section 8(f) hereof. Provided, however, that in no event shall the amount on deposit in the Operation and Maintenance Fund exceed one-fourth of the amount budgeted for current expenses for the current fiscal year, and any excess over such amount at

the end of any fiscal year shall be returned to the Revenue Fund. Money on hand in the Operation and Maintenance Fund shall be kept on deposit with a bank or trust company which is a member of the Federal Deposit Insurance Corporation and shall be used only for the payment of current expenses as the same become due.

(b) The money remaining in the Revenue Fund after transfers to the Operation and Maintenance Fund shall have been so made shall next be used to make deposits into a separate and special fund held by a bank or trust company which is a member of the Federal Deposit Insurance Corporation, to pay principal of and interest on the bond and parity bonds as the same become due, which deposits shall be made at least quarterly. Said fund shall be maintained together with corresponding funds established under resolution(s) authorizing prior lien bonds under the supervision of the County Judge and County Trustee and shall be known as the "1975A Tellico Area Services System Water Bond and Interest Sinking Fund", herein sometimes referred to as "the Sinking Fund". Such transfers shall be made on or before the fifteenth day of each month, the first such transfer to be made in the month during which interest shall last be payable from the proceeds of the bond. The minimum amount to be deposited into the Bond and Interest Sinking Fund in any such month shall be a sum equal to one-sixth of the interest coming due on the next succeeding interest payment date on the bond and any parity bonds then outstanding plus one-twelfth of the principal of all such bonds coming due on January 1 next succeeding. Money in the Sinking Fund shall be used solely and is hereby expressly and exclusively pledged for the purpose of paying principal of and interest and redemption premiums on the bond and parity bonds.

(c) The next available money in the Revenue Fund shall be used to create and maintain a debt service reserve of at least \$30,000.00. Until the debt service reserve equals at least \$30,000.00, there shall be transferred into the Sinking Fund from

the Revenue Fund, in addition to the transfers required by subsection (b) hereof, on or before the fifteenth day of each month, the sum of \$250 per month. The total amount in such fund need not exceed \$30,000 unless parity bonds are issued, in which event the debt service reserve shall in like manner be built up and maintained in an amount equal to at least the maximum annual debt service requirements on the bond and parity bonds. Money in the debt service reserve shall be held as a part of the Sinking Fund and used solely for the purpose of paying principal of or interest on the bond and parity bonds for the payment of which no other money is available in the Sinking Fund. All money so taken from the debt service reserve to pay principal and interest shall be replaced therein from the first money in the Revenue Fund thereafter received which shall not then be required to be transferred into the Operation and Maintenance Fund or the Sinking Fund under subsections (a) and (b) hereof.

(d) All the next available money in the Revenue Fund shall be deposited monthly on or before the fifteenth day of each month into a fund, hereby created and designated as the "Tellico Area Services System Water Repair and Extension Fund", until there shall be on deposit in such fund the sum of at least \$30,000, and thereafter in such amounts as will maintain such fund at a level of at least \$30,000. There shall also be deposited in the Repair and Extension Fund the proceeds of the sale of any equipment no longer usable or needed, fees or charges collected from potential customers to aid in the financing of the cost of extensions and improvements and the proceeds of any property damage insurance not immediately used to replace the damaged or destroyed property. Money in such fund shall be held in a bank or trust company which is a member of the Federal Deposit

Insurance Corporation and shall be used for the payment of principal of and interest on the bond or parity bonds for the payment of which money is not available in the Sinking Fund, including the debt service reserve, or to make up any deficiency in the Sinking Fund, including the debt service reserve, on any June 15 or December 15, or for extraordinary maintenance, repairs, renewals or replacements to the system which shall be necessary to keep the system in operating condition and for the making of which money shall not have been included in the annual budget, or for paying the cost of constructing improvements or extensions to the system which will either enhance its revenue-producing capacity or provide a higher degree of service. Money taken from the Repair and Extension Fund for any of the above purposes shall be replaced therein from the first available money in the Revenue Fund thereafter received. Money in the Repair and Extension Fund may be withdrawn by the Tellico Area Services Board for such extraordinary repairs or replacements or for improvements or extensions upon filing with the depository for said fund a certificate stating fully the necessity therefor, subject only to approval of the County Judge and County Trustee.

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

(f) All remaining revenues in the Revenue Fund at the end of each fiscal year shall be regarded as surplus and such surplus shall within sixty days after the end of such fiscal year be transferred into a special account in the Sinking Fund to be known as the Bond Redemption Account. The money in the Bond Redemption Account shall be used for the purpose

of prepaying the bond or a portion thereof, or of retiring parity bonds, either or both, by prepayment or redemption or by purchase of such bonds on the open market or upon receipt of tenders at the best prices obtainable, provided that the price for bonds so purchased shall at no time exceed the price at which such bonds could be called for redemption on the next succeeding call date. All bonds so purchased or redeemed shall be cancelled.

(g) The money in the Revenue Fund shall be allotted and paid into the various funds hereinbefore established in the order in which said funds are listed on a cumulative basis, and if in any month the money in the Revenue Fund shall be insufficient to place the required amount in any of said funds the deficiency shall be made up in the following month or months after payment into all funds enjoying a prior claim to the revenues shall have been met in full.

(h) The debt service reserve in the Sinking Fund shall at the request of the Tellico Area Services Board be invested by the depository in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government. 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 funds were created.

(i) All money in excess of \$20,000 in the various funds hereinbefore established shall be continuously secured by a pledge of direct obligations of the United States Government having an equivalent market value or shall be secured by surety bond written by a solvent surety company or companies of recognized standing.

(j) Funds corresponding to those established pursuant to this section 6 are established pursuant to Resolution of the Quarterly County Court of Monroe County authorizing a \$500,000 Water Revenue and Tax Bond, Series 1975A (Tellico Area Services System) which funds shall be combined under the supervision of the Tellico Area Services Board and operated jointly as provided in this Section 6, without reducing the payment requirements herein provided. All payments into the various funds herein provided shall be for the joint use and benefit of Loudon and Monroe Counties and the holders of bonds relating to the Tellico Area Services System. The ratio of the outstanding Tellico Area Services System bonds of either of said counties to the total outstanding Tellico Area Services System bonds of both counties at any one time shall determine the division of such funds for the benefit of the bondholders and/or the counties respectively.

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

Section 7. Charges for Services Supplied by the System.

While the bond remains outstanding and unpaid the county covenants and agrees that it will permit no free services to be furnished to any consumer or user whatsoever, and the charges for all services supplied through the medium of the system to the county and its residents and to all consumers shall be reasonable and just, taking into account and consideration the cost and value of the system and the cost of maintaining and operating the system, and the proper and necessary allowances for the depreciation thereof, and the amounts necessary for the payment of principal of and interest on the bonds payable from such revenues, and there

shall be charged against all users of water service such rates and amounts as shall be fully adequate to meet the requirements of Section 6 of this resolution together with the requirements of bond resolution(s) of Monroe County authorizing Tellico Area Services System bonds.

The county will cause the Tellico Area Services Board to bill its customers on a monthly basis and to discontinue service to any customer whose bill remains unpaid sixty days following the mailing of such bill, until such bill and penalties shall have been paid in full.

Section 8. Covenants Regarding the Operation of the System. The county hereby covenants and agrees with the holder of the bond:

(a) That it will cause the Tellico Area Services Board or similar authority to operate and maintain the system good condition in an efficient manner and at reasonable cost;

(b) That it will cause the Tellico Area Services Board or similar authority to maintain insurance on the properties of the system for the benefit of the holder of the bond of a kind and in an amount which would normally be carried by private companies engaged in a similar type of business. The proceeds of any such insurance, except public liability insurance, received by the Tellico Area Services Board or similar authority shall be used to replace the part or parts of said system damaged or destroyed, or if not so used shall be placed in the Repair and Extension Fund above created;

(c) That the Tellico Area Services Board will cause to be kept proper books and accounts adapted to the system, and will cause the books and accounts to be audited at the end of each fiscal year by a recognized independent firm of certified public accountants, and will file copies of such audit with the original purchasers, and will make generally available to the holder of the bond the balance sheet and the profit and loss statement of the

system as certified by such accountants. Each such audit, in addition to whatever matters may be thought proper by the accountants to be included therein, shall include the following:

1. The accountant's comment regarding the manner in which the county has carried out the requirements of this resolution, and the Loan Agreement with the Government.
2. A statement of operating income and expenses.
3. A statement showing analysis of each fund including deposits, withdrawals, and beginning and ending balances.
4. A general balance sheet.
5. A statement showing the schedule of rates charged for each class of service as of the close of the fiscal year, the gross revenues received and the number of connections.
6. A schedule of insurance policies and fidelity bonds in force, showing with respect to each policy and bond the nature and amount of risk covered, the expiration date and the name of the insurer.
7. A list of names and titles of the principal officers of the county.
8. A general comment concerning any events or circumstances which possibly might affect the financial status of the project.

All expenses incurred in the making of the audits required by this subsection shall be regarded and paid as current expenses. The county further agrees to furnish copies of such audits to the holder of the bond at his request within ninety days after the close of each fiscal year, and in addition thereto to furnish to such holder of the bond at his request, quarterly operating statements covering the operation of the system for such quarter. The holder of the bond shall have at all reasonable times the

right to inspect the system and the records, accounts and data of the county relating thereto. It is further agreed that if the county fails to provide the audits and reports required by this subsection, the original purchaser or the holder of the bond may cause such audits and reports to be prepared at the expense of the county.

(d) That the county and the Tellico Area Services Board will faithfully and punctually perform all duties with reference to the system required by the constitution and laws of the State of Tennessee, including the making and collecting of reasonable and sufficient rates for services rendered by the system as above provided, and will segregate the revenues of said system and apply said revenues to the funds specified in this resolution.

(e) That the county will not permit the sale, lease, mortgage or other disposition 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, so long as the bond is outstanding. Provided however, it may at any time permanently abandon the use of, or sell at fair market value, any of the system facilities, provided that:

(1) It is in full compliance with all covenants and undertakings in connection with all of its bonds then outstanding and payable from the revenues of the system and the debt service reserve for such bonds has been fully established;

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

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

(4) It certifies that the estimated net revenues of the remaining system facilities for the then next succeeding

fiscal year, plus the estimated net revenues of the facility, if any, to be added to the system satisfy the earnings test provided in Section 10 hereof governing issuance of additional bonds.

(f) That the governing body of the county will, prior to the initial operation of the system improvements, prepare and adopt a budget of estimated gross earnings and current expenses for the remainder of the then current fiscal year, and thereafter prior to the beginning of each fiscal year will prepare and adopt a budget of estimated gross earnings and current expenses for the system for the ensuing fiscal year, and will undertake to operate the system within such budget to the best of its ability through the Tellico Area Services Board or other authority. Copies of such budgets and amendments thereto will be filed with the original purchaser, and will be made available to any bondholder upon request. The county covenants that current expenses incurred in any year will not exceed the reasonable and necessary amounts therefor and that it will not expend any amounts or incur any obligations therefor in excess of the amounts provided for current expenses in that budget except upon resolution by its governing body filed with the original purchaser determining that such additional expenses are necessary to operate and maintain the system. It is further covenanted that if the estimated gross earnings for the succeeding fiscal year shall be insufficient to make in full the payments required to be made in such fiscal year into the various funds provided in Section 6 hereof, then the county will promptly revise water rates to provide gross earnings sufficient to make such payments.

(g) That no change orders in the construction contract for the construction of the system improvements in accordance with the plans and specifications prepared therefor by the Consulting Engineers, aforesaid, which will reduce the number of customers

or the revenues therefrom, will be permitted unless approved by the original purchaser.

(h) That each officer of the county or Tellico Area Services Board or person other than banks or trust companies having custody of funds of the system shall be under fidelity bond at all times in an amount not less than the total funds in the custody of such officer or person at any one time.

(i) That the county will levy and collect such ad valorem taxes as may be necessary, together with other available funds after payment of the reasonable expense of operating and maintaining the system, to provide for debt service on the bonds and parity bonds and to build up and maintain the reserves required by Section 6 hereof.

(j) That as long as the bonds are outstanding the county will operate the system to be known as the "Tellico Area Services System" jointly with Monroe County, Tennessee through the Tellico Area Services Board which has been established pursuant to contract with Monroe County, Tennessee dated December 3, 1970, and that it will not construct or finance the development of facilities that compete for service with the services to be provided by the system.

Section 9. Remedies of Bondholders. Any holder of the bond may either at law or in equity, by suit, action, mandamus or other proceedings, in any court of competent jurisdiction enforce and compel performance of all duties imposed upon the county by the provisions of this resolution, including the making and collecting of sufficient rates, the segregation of the income and revenues of the system and proper application thereof, and the levy and collection of ad valorem taxes, without limitation as to

rate or amount, to meet the obligations of the county under this resolution.

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

Section 10. Equality of Lien; Prohibition of Prior Lien; Parity Bond. The county will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenues of the system having priority over the bond herein authorized although the bond herein authorized shall have a pro rata position as to such revenues with the bond(s) authorized by Resolution of the Quarterly County Court of Monroe County, Tennessee dated October 20, 1975.

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

(a) The bond herein authorized or any part thereof may be refunded with the consent of the holder thereof and the refunding bonds so issued shall enjoy complete equality of lien with the portion of the bond which is not refunded, if any there be, and the refunding bonds shall continue to enjoy whatever priority of lien over subsequent issues that may have been enjoyed by the bond, provided, however, that if only a portion of the bond shall be so refunded and if such portion

shall be refunded in such manner that the interest rate on the refunded portion shall be increased or that any refunding bond shall mature at a date earlier than the maturity date of the corresponding portion of the bond refunded thereby, then such portion may not be refunded without the consent of the holder of the bond issued hereunder.

(b) Additional bonds may also be issued on a parity with the bond herein authorized if all of the following conditions are met:

(i) The net revenues of the system for the fiscal year next preceding the issuance of such additional bonds, as certified by an independent public accountant, must have been equal to at least one and one-half times the average annual requirements for principal and interest on all obligations then outstanding payable from the revenues of the system; and the estimated annual net revenues of the system, plus the estimated average annual net revenues to be derived from the improvements to be financed by such additional bonds, all as forecast over a period not exceeding ten years from the date of such additional bonds, estimated in writing by an independent consulting engineer and approved by the County Judge of the County must be equal to at least one and one-half times the average annual requirements for principal and interest, and one and one-fifth times the highest future annual requirement for principal and interest on all obligations then outstanding payable from the revenues of the system and the bonds so proposed to be issued.

(ii) The payments required to be made into the various funds provided in Section 6 hereof must be current;

(iii) The additional bonds must be payable as to principal on January 1 of each year in which principal falls due and payable

as to interest on January 1 and July 1 of each year;

(iv) The proceeds of the additional bonds must be used solely for the purpose of completing the system improvements or for the purpose of making improvements, extensions, renewals or replacements to the system.

(c) Additional bonds may also be issued on a parity with the bond herein authorized without regard to the requirements of subsection (b) of this section, but solely for the purpose of completing the system, if the holders of not less than seventy-five per cent in principal amount of the then outstanding bond and parity bonds shall have consented thereto in writing. The provisions of Section 14 hereof shall govern the manner of determining the amount of bonds outstanding, the manner of giving notice of intention to issue such bonds, the time and manner for filing and revoking consents and the effect thereof, and the manner of proof of the ownership of bonds and of the execution of any instrument.

(d) If parity bonds issued hereunder are subject to redemption prior to maturity, and if the county undertakes to prepay or redeem the bond or any parity bonds in advance of maturity, the bond and parity bonds will be prepaid or called for redemption on a pro rata basis; i.e., in proportion to the principal amount of the bond and parity bonds outstanding at the time of call. However, the county shall have the right, subject to the call provisions of the respective bond series, to prepay or redeem any portion or all of the outstanding bond or parity bonds which may be prepaid or called at par prior to calling any parity bonds which are callable at a premium.

Section 11. Sale of Bond. The bond shall be sold to the Government at a price of par and accrued interest.

For the purpose of providing funds to finance construction of Tellico Area Services System water system extensions and improvements in and for Loudon County, Tennessee and in anticipation of the proceeds of a like principal amount of \$500,000 bonds authorized by an initial resolution heretofore adopted by the Quarterly County Court on August 4, 1975, there shall be issued the negotiable interest bearing bond anticipation notes of Loudon County, Tennessee, in a total principal amount not to exceed \$500,000. That, said notes shall be designated "Bond Anticipation Notes" and shall be numbered serially beginning with the number 1. Each of said notes shall be dated as of the date of the issuance thereof, shall mature not later than two years thereafter and shall be of such denominations as may be agreed upon by the County Judge and the purchaser of said notes.

Said notes shall bear interest at a rate not to exceed eight percent (8%) per annum, payable semi-annually each six months after date of issue. Both principal of and interest on said notes shall be payable in lawful money of the United States of America at the office of the Loudon County Trustee, Loudon, Tennessee.

Said notes shall be subject to prepayment prior to maturity at the option of Loudon County, in whole or in part, at any time at the principal amount thereof and accrued interest to the date of prepayment.

Said notes shall be executed and signed in the name of Loudon County, Tennessee, by the County Judge and attested by the County Court Clerk with the seal of the County attached thereto.

(Form of Note)
STATE OF TENNESSEE
COUNTY OF LOUDON
BOND ANTICIPATION NOTE

R _____

No. 1

KNOW ALL MEN BY THESE PRESENTS: That the County of Loudon, in the State of Tennessee, hereby acknowledges itself to owe and for value received hereby promises to pay to the order of _____ the sum of \$ _____ on or before _____, 1975, together with interest at the rate of _____ percent (%) per annum until paid,

such interest being payable on _____, 1975, and semi-annually thereafter on the _____ day of _____ and _____ of each year. Both principal hereof and interest hereon are payable in lawful money of the United States of America at the office of the Loudon County Trustee, Loudon, Tennessee. For the prompt payment of this obligation, both principal and interest at maturity, the full faith, credit and other resources of said county are hereby irrevocably pledged.

This note is issued by said county for the purpose of providing funds to finance the construction of Tellico Area Services System water system extensions and improvements in and for Loudon County, Tennessee, and is in all respects in compliance with and under the authority of Sections 5-1031 to 5-1039, inclusive, of the Tennessee Code Annotated, and under authority of proceedings duly adopted by the Quarterly County Court at Loudon County, Tennessee, on the _____ day of _____, 1975, in anticipation of the proceeds of \$500,000 Water Revenue and Tax Bonds (Tellico Area Services System) Series 1975A to be issued by Loudon County under authority of Section 5-1101 to 5-1125, inclusive, of Tennessee Code Annotated and other applicable provisions of Tennessee law.

It is hereby certified and recited that all acts, conditions and things required by the constitution and by the laws of the State of Tennessee to exist, or to be done precedent to and in the issuance of this obligation, do exist, and have been properly done, happened, and been performed in regular and due form and time as required by law; and that provision has been made to pay the principal and interest thereon as same falls due.

Section 5-1039 of the Tennessee Code Annotated provides that neither the principal nor the interest of bond anticipation notes issued pursuant to the provisions of Sections 5-1031 to 5-1039, inclusive of Tennessee Code Annotated shall be taxed by the State of Tennessee or by any county or municipality therein.

This note is subject to prepayment prior to maturity at the option of Loudon County, in whole or in part, at any time at the principal amount thereof and accrued interest to the date of prepayment.

IN WITNESS WHEREOF, the County of Loudon, through its Quarterly County Court has caused this Note to be signed by its County Judge and attested by its County Court Clerk under the seal of his office on this _____ day of _____, 1975.

County Judge

Attested:

County Court Clerk

For the purpose of providing funds with which to pay interest accruing on said notes and the principal thereof at maturity there shall be levied upon all taxable property in Loudon County, in addition to all other taxes, a direct annual tax for each of the years while said notes, or any of them, are outstanding, in amounts sufficient for that purpose. Principal or interest coming due any time when there shall be insufficient funds on hand to pay the same shall be promptly paid when due

from the general funds or other available funds of Loudon County and reimbursement shall be made to such fund or funds in the amount of the sums thus advanced when taxes provided for that purpose shall have been collected. Provided, however, that when the bonds authorized by this resolution shall have been issued, the principal proceeds of such bonds in an amount not exceeding the principal amount of notes issued hereunder and then outstanding shall be applied to the retirement of the principal amount of such notes.

Said notes shall not be issued or executed until after the approval of the Tennessee State Director of Local Finance has been obtained as required by Sections 5-1031 to 5-1039, inclusive, of the Tennessee Code Annotated.

Said notes shall be sold by the County Judge in whole or in part from time to time at not less than par and accrued interest and said notes shall thereupon be delivered to the purchaser or purchasers by the County Trustee upon payment therefor. The action of the County Judge in selling said notes and fixing the interest rate or rates on the notes, but not exceeding eight (8%) percent per annum, and fixing the denomination and maturity dates of such notes, shall be binding on Loudon County and this Quarterly County Court, and no further action by this court shall be necessary in reference thereto.

Included within the term "Bond Anticipation Notes" are Interim Certificates of Indebtedness ("Interim Certificates") which may be issued to the original purchaser of the bond upon the terms and conditions herein provided and in the form hereinabove approved. The combined principal amount of Bond Anticipation Notes and Interim Certificates outstanding at any one time shall not exceed the total principal amount of bonds authorized by this resolution.

The bond purchase price paid by the Government shall be reduced by the principal amount of interim certificates held by it, including accrued interest thereon, and such interim certificates shall be delivered by the Government to the County at the time of delivery of the bond.

The proceeds of the sale of interim certificates or bond anticipation notes shall be deposited in the Construction Fund hereinafter created.

Section 12. Disposition of Bond Proceeds. From the proceeds of the sale of the bond all accrued interest and the sum of \$ _____ shall be deposited in the Bond and Interest Sinking Fund and shall be used to pay interest on the bond during the period of the construction of the system improvements and for six months thereafter, including interest on interim certificates and bond anticipation notes issued pursuant to Section 11 hereof.

Any amounts necessary to pay outstanding bond anticipation notes, including interest accrued thereon for which money is not available pursuant to the preceding paragraph, shall be used for such purpose.

The balance of the proceeds of the sale of the bonds and any grant funds received by the county and similar amounts received by Monroe County pursuant to Resolution dated October 20, 1975 authorizing \$500,000 Water Revenue and Tax Bonds, Series 1975 shall be deposited with a bank or trust company which is a member of the Federal Deposit Insurance Corporation, in a special fund known as the "Tellico Area Services System Water System Construction Fund" and shall be disbursed solely for the payment of the costs of constructing the water system and placing same in operation, including costs of construction, cost of necessary engineering services, legal, administrative and clerical costs, cost of land acquisition, interest during construction, and other necessary miscellaneous expenses. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing

of public or trust funds, if any, or by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Construction Fund. Money in the Construction Fund shall be expended only for the purposes authorized by this resolution. Any proceeds from the sale of the bonds remaining in the Construction Fund after the system improvements shall have been completed in accordance with the plans and specifications of the Consulting Engineers, aforesaid, shall be used at the earliest practicable date for the prepayment of the bond as herein provided. Any excess Farmers Home Administration grant funds shall be returned to the FHA Finance Office. The amount of any excess bond sale proceeds and grant funds shall be in direct proportion to the amounts obtained from each source.

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

Section 14. Modification of Resolution. The holders of three-fourths in principal amount of the bond and parity 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 county 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 county) shall have the right from time to time to consent to and approve the adoption by the governing body of the county of a resolution or resolutions modifying any of the terms or provisions contained in this resolution, subject to the approval of the governing body of Monroe County, provided however, that this resolution may not be so modified or amended in such manner as to:

- (a) Make any change in the maturity of the bond;
- (b) Make any change in the rate of interest borne by the bond;
- (c) Reduce the amount of the principal payable on the bond;
- (d) Modify the terms of payment of principal of or of interest on the bond or impose any conditions with respect to such payment;
- (e) Affect the rights of the holder of the bond;
- (f) Reduce the percentage of the principal amount of bonds the consent of the holders of which is required to effect a further modification.

Whenever the county shall propose to amend or modify this resolution under the provisions of this section, it shall cause notice of the proposed amendment to be filled with the County Court Clerk for Monroe County, Tennessee, with the original purchasers and the registered holders of the bond and parity bonds, if any, and to be published one time in a financial newspaper or journal published in the City of New York, New York. 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 office of the Registrar for public inspection.

Whenever at any time within one year from the date of the publication of said notice there shall be filed with the Registrar an instrument or instruments executed by the holders of at least three-fourths 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 county may adopt such amendatory resolution and such resolution shall become effective.

If the holders of at least three-fourths 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 holders, shall have

consented to and approved the adoption thereof as herein provided, no holder of any bond whether or not such holder 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 County from taking any action pursuant to the provisions thereof.

Any consent given by the holder 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 holders 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 holder who gave such consent or by a successor in title by filing notice of such revocation with the Registrar, but such revocation shall not be effective if the holders of three-fourths 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 acknowledgements of deeds within such jurisdiction, that the person signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

The amount and numbers of the bonds held by any person executing such instrument and the date of his holding the same

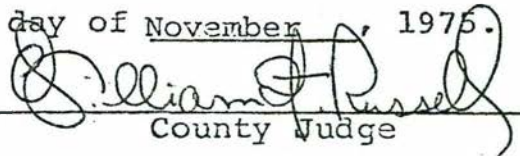
may be proved by an affidavit by such person or by a certificate executed by any responsible bank or trust company showing that on the date therein mentioned such person had on deposit with such bank or trust company the bonds described in such certificate.

Section 15. Monroe County. The Quarterly County Court of Monroe County, Tennessee is to authorize funds in an amount of \$500,000 to develop the system extensions and improvements as contemplated hereunder. All obligations of the county pursuant to this Resolution are expressly conditioned upon the adoption of a Resolution by the Quarterly County Court of Monroe County, Tennessee authorizing \$500,000 Water Revenue and Tax Bonds upon the terms and conditions of this Resolution.

Section 16. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity of unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 17. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or part thereof, in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Adopted and approved this 17 day of November, 1975.

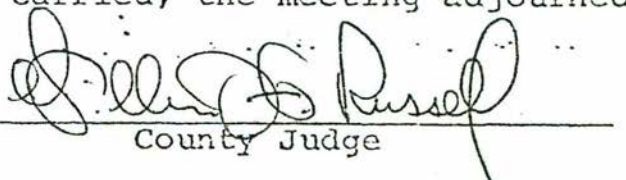

County Judge

ATTEST:


County Court Clerk

* * * *

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


County Judge

ATTEST:


County Court Clerk

STATE OF TENNESSEE)
COUNTY OF LOUDON)

I, Edward Alexander, hereby certify that I am the duly qualified and acting County Court 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 special meeting of the Quarterly County Court held on November 17, 1975; 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 \$500,000 Water Revenue and Tax Bonds, Series 1975A (Tellico Area Services System) of said County.

WITNESS my official signature and the seal of said County this 17 day of Nov, 1975.

Edward Alexander
County Court Clerk

(SEAL)

LOUDON COUNTY QUARTERLY COURT

RESOLUTION NO. 34-75

RESOLUTION AUTHORIZING TRANSFER OF \$500,000.00 BOND PROCEEDS
TO TELlico AREA SERVICES SYSTEM WATER SYSTEM CONSTRUCTION FUND
AND AUTHORIZATION OF DISBURSEMENT

WHEREAS, the Loudon County Court has issued \$500,000.00 in bonds which have been sold to the United States of America, acting through the Farmers Home Administration, to obtain funds to be used in the construction of a water treatment plant for the Tellico Area Services System in conjunction with a joint project with Monroe County; and

WHEREAS, by previous resolutions and agreements between the two Counties and the Boards of Public Utilities for the two Counties, the construction is to be handled in a supervised bank account as required by Farmers Home Administration regulations, to be disbursed solely for the payment of costs in the construction of said water plant, waterlines, and for other authorized purposes in connection with the project; and

WHEREAS, this resolution is adopted for the purpose of clarifying and itemizing some of the procedures and authorizations involved in the handling of the bond funds, grant funds, and other construction monies coming into the hands of Loudon County and the Tellico Area Services System from Farmers Home Administration, Department of Housing and Urban Development, Appalachian Regional Commission, Tennessee Valley Authority, and other sources;

NOW, THEREFORE, BE IT RESOLVED by the Quarterly Court of Loudon County, Tennessee, in regular session assembled on this the ____ day of November, 1975, as follows:

1. The County Judge is hereby authorized and directed to receive \$500,000.00 bond funds from the Farmers Home Administration and any of the other funds coming from the

E. L. C.

Department of Housing and Urban Development, Appalachian Regional Commission, Tennessee Valley Authority, and possibly others, in such manner as is directed and provided for under previous resolutions of this Court and in accordance with the agreement with the Farmers Home Administration. Upon receipt of the funds aforesaid, and after depositing same with the County Trustee if necessary, the County Judge will transfer the funds as soon as possible directly to the Tellico Area Services System to be deposited in the bank designated by proper action of the Tellico Area Services Board in an account to be designated the Tellico Area Services System Water System Fund, with such funds as necessary to be withdrawn from that fund to pay for the construction of the Tellico Area Services System water plant, lines and other related purposes as authorized by other resolutions of the Quarterly Court and as authorized by law, such funds to be combined with the Monroe County funds under the supervision of the Tellico Area Services System Board.

2. The Tellico Area Services System Board will designate a proper officer or officers to withdraw and disburse the money in the account established together with the designated representative of the Farmers Home Administration, such officials to be properly and sufficiently bonded.

3. The Tellico Area Services System Board is instructed and directed to comply in all respects with all resolutions authorizing the issuance of \$500,000.00 water revenue and tax bond, with particular reference to Resolution No. _____ authorizing the issuance of \$500,000.00 water revenue and tax bonds, providing for the collection and disposition of revenues from the water system, and making provisions for the operation of said system.

4. The Tellico Area Services System and Loudon County

Board of Public Utilities is authorized to receive, invest and disburse said funds to the best benefit of the System so as to best conserve and utilize the funds made available to the said System.

5. The Tellico Area Services System will assure that funds in the construction account shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, or by a pledge of readily marketable securities having at all times a market value of not less than the amount in said construction fund.

6. Any proceeds from the sale of the bonds remaining in the construction fund after the System improvements shall have been completed in accordance with the plans and specifications shall be used at the earliest practicable date for the prepayment of the bonds as provided in resolutions previously adopted.

This the 17 day of November, 1975.


County Judge

35-75

RESOLUTION

RESOLUTION OF THE LOUDON COUNTY QUARTERLY COURT
ELECTING THE BOARD OF DIRECTORS FOR
THE INDUSTRIAL DEVELOPMENT BOARD OF LOUDON COUNTY

WHEREAS, the Loudon County Quarterly Court has, by resolution, elected the membership of the Industrial Development Board of Loudon County and set forth their terms; and,

WHEREAS, the term of membership has now expired and the present members serve, as specified by resolution, until their successors are duly elected and qualified.

NOW THEREFORE, BE IT RESOLVED by the County Judge and Quarterly Court of Loudon County, Tennessee, that the following named electors and taxpayers in said County be elected to the Board of Directors of the INDUSTRIAL DEVELOPMENT BOARD OF LOUDON COUNTY for the terms specified or until their successors are duly elected and qualified:

Two-year term expiring November, 1977:

Donald L. Canter
Edwin D. Byerley

Four-year term expiring November, 1979:

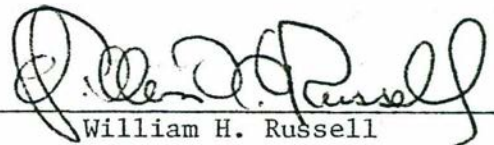
Merle Westbrook
Wiley F. Zimmerman

Six-year term expiring November, 1981:

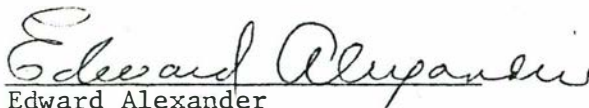
H. Ross Wilkerson
Harry W. Wampler
J. Y. McNabb

This Resolution shall take effect from and after its passage, the public welfare requiring it.

This 17 day of November, 1975.



William H. Russell
County Judge



Edward Alexander
County Court Clerk

Exhibit D

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