

**LOUDON COUNTY COMMISSION**

**REGULAR MEETING**

**April 6, 1998**

1. Public Hearing
2. Opening of Meeting
3. Roll Call
4. Request to amend agenda
5. Motion to accept Amended Agenda
6. Minutes of March 2, 1998 Adopted
7. Audience Comments on Agenda Items
8. Audience Comments on Non-Agenda Items
9. Governor's Three Star Award Displayed
10. Motion to adopt resolution for re-appointment to Panel A of E-911 Board
11. Motion to adopt Beer Board Restructuring Resolution
12. Motion to adopt Tellico Village Postal Service Resolution
13. Discussion on request for financial assistance to improve Fender's Community Center
14. Motion to adopt resolution establishing policy for absent judge
15. Discussion on current audit
16. Motion to send letter of intent on jail expansion to U.S. Marshal's Service
17. Motion to refer paving of Hackberry Street properties to 98-99 Budget proposal
18. Motion to approve recommendations from capital projects committee concerning space allocation
19. Motion to approve budget committee recommendation for \$5,000 to pave juvenile center parking lot
20. Motion to adopt resolution to refinance TASS water bonds
21. Motion to accept Donaldson Light Lane as county road
22. Motion to deny rezoning request on Highway 70
23. Rezoning request for property on Hwy. 321 referred back to planning commission
24. Motion to amend resolution on amendment on zoning of fireworks distribution
25. Motion to adopt resolution as amended
26. Attorney Sproul's report on current litigation
27. Building Commissioner's Report
28. Motion to pay \$600 for new loop installed at Eaton's Crossroads
29. Motion to authorize Road Commissioner to give LCUB sewer line right-of-way
30. Purchasing Agent's Report
31. Motion to authorize purchasing agent to sign copier leases for Circuit/Criminal Court
32. Bonds approved
33. Notaries approved
34. Adjournment

**PUBLIC HEARING**

**April 6, 1998**

**6:00 PM**

- 1) Rezoning request for property located at 14400 Northshore Drive, Located in the Sixth Legislative District, referenced by Tax Map 18, Parcel 22.00 and Part of Parcel 15.00, from 0.00, from A-2, Rural Residential District, to R-1, Suburban Residential District. Frank Harvey, Glen Madrin, and Betsy Galyon all spoke in opposition to this request.
- 2) Rezoning request for property located on Highway 70, located in the Fifth Legislative District, referenced by Tax Map 11, Parcels 79.00 and 77.03, from R-1, Suburban Residential District, to C-2, General Commercial District. Walter Davis spoke in opposition of this request.
- 3) Rezoning request for property on Highway 321, located in the Fifth Legislative District, referenced by tax Map 11-K, Group E, Parcel 2.00, from R-1, Suburban Residential District, to C-2, General Commercial. Mr. Russ Lewis asked that this item be removed from the agenda and postponed until next month.
- 4) Amendment to the Zoning Resolution of Loudon County, Tennessee, Article 4, Supplementary provisions Applying to Specific Districts, adding Section 4.200, Standards for Fireworks Distribution, Storage, and Manufacture. No one spoke in opposition.

**LOUDON COUNTY COMMISSION  
REGULAR MEETING**

**April 6, 1998**

**STATE OF TENNESSEE  
COUNTY OF LOUDON**

**BE IT REMEMBERED**, that the Commission of Loudon County convened in regular session in Loudon, Tennessee on the 6th day of April 1998.

The meeting was called to order by **Chairman Roy Bledsoe**.

**Sheriff Tim Guider** opened Court and led the Pledge of Allegiance to the Flag of the United States of America.

**Hank McGhee**, Deputy Superintendent of Schools, gave the Invocation.

Present and presiding was the **Honorable Roy Bledsoe** and the following Commissioners: **Randolph, Bivens, Ledbetter, Maples, Masingo, Duff, Park, and Twiggs (9)**

Thereupon **Chairman Bledsoe** announced the presence of a quorum. Also present were **Honorable George Miller**, County Executive, **Harvey Sproul**, County Attorney and **Riley Wampler**, County Court Clerk.

**Executive Miller** requested the agenda be amended to remove item #2 under Pat Phillips' portion of the agenda to be placed on the agenda in May.

A Motion was made by **Commissioner Park** with a second by **Commissioner Duff** to accept the amended agenda.

Upon voice vote the motion was passed unanimously.

(6)  
Minutes  
Adopted for  
Mar. 2, 1998

**Chairman Bledsoe** requested the minutes of March 2, 1998 be read and accepted.  
**Motion** was made by **Commissioner Twiggs** with second by **Commissioner Park** to adopt the minutes of March 2, 1998.  
Upon voice vote the motion **passed** unanimously.

(7)  
Audience  
Comments on  
Agenda Items

**Chairman Bledsoe** asked for any visitor wishing to address the commission regarding items on the planned agenda to come forward.  
Aileen Longmire came forward to state her 3<sup>rd</sup> request as to why her specific questions regarding the policy change in Central Accounting does not get noted in the minutes. This statement was submitted in writing to the commission. Ms. Longmire also had questions regarding the Matlock Bend Agreement, which is on the agenda under the County Attorney's portion.  
Steve Hurst, a resident of Donaldson Light Lane, stated there were 5 of the 8 residents of Donaldson Light Lane present and would like to ask the commission to accept this road as a county road.

(8)  
Audience  
Comments on  
Non-Agenda  
Items

**Chairman Bledsoe** asked for any visitor wishing to address the commission regarding items not on the agenda.  
No one came forward.

Thereupon no other visitors wished to address the commission, **Chairman Bledsoe** requested **Executive Miller** to continue with the agenda items.

(9)  
Award Display

**George Miller, County Executive**, announced Loudon County was awarded the Governor's Three Star Award. Loudon County was one of 55 counties to receive this community award. A plaque was displayed.

(10)  
Motion on E-911  
Board  
Appointment

**Executive Miller** requested commission to adopt Resolution Approving Or Acknowledging Board Or Committee Appointment By County Executive. This resolution will re-appoint Larry Horion, Tim Guider and Bill Anderson to Panel A of the E-911 Board.  
A **motion** was made by **Commissioner Randolph** with a second by **Commissioner Ledbetter** to adopt this resolution.  
Upon voice vote the chairman announced the motion **Passed** unanimously.  
**Resolution #040298, Exhibit A**

(11)  
Motion to adopt  
Beer Board  
Restructuring  
Resolution

**Executive Miller** requested commission to adopt Resolution Reorganizing The Loudon County Beer Board With Structured Terms Of Service. This resolution will limit terms of the board members appointed and each district will be represented. Terms will be at 3 year rotating intervals starting August 31, 1998.  
A **motion** was made by **Commissioner Randolph** with a second by **Commissioner Ledbetter** to adopt this resolution.  
Upon roll call vote the following commissioners voted Aye: **Randolph, Maples, Ledbetter, Masingo, Bledsoe, Duff, Park and Twiggs (8)**  
The following commissioner abstained from voting: **Bivens (1)**  
Thereupon the chairman announced the motion **Passed. (8-0-1)**  
**Resolution #040298, Exhibit B**



At this time **Chairman Bledsoe** requested to pro-tem the chair to **Commissioner Maples**.

**Executive Miller** requested commission to adopt A Resolution Urging the U. S. Postal Service To Establish A Contract Postal Service For The Tellico Village Community and the Surrounding Area of Loudon County.

A motion was made by **Commissioner Bledsoe** with a second by **Commissioner Park** to adopt this resolution.

Upon voice vote the chairman announced the motion **Passed** unanimously.

**Resolution #040298, Exhibit C**

The chair was given back to **Chairman Bledsoe** at this time.

**Executive Miller** stated citizens from the Fenders Community has requested financial assistance to make improvements to their community center. This property belongs to the county and is in a similar agreement with the community as are the Glendale and Davis community centers. This will be presented as an item to the 98-99 budget and grant availability through ETDD will be applied for as well

**Executive Miller** requested consideration of a Resolution Establishing Policy To Provide For The Appointment of Special Judge In The Absence of The General Sessions Court Judge.

This resolution will enable a list of attorneys to be established to sit on the bench in the absence of the elected judge due to vacation, illness, etc.

A motion was made by **Commissioner Park** with a second by **Commissioner Ledbetter** to adopt this resolution.

Upon roll call vote the following commissioners voted Aye: **Randolph, Bivens, Maples, Ledbetter, Masingo, Bledsoe, Duff, Park and Twiggs (9)**

Thereupon the chairman announced the motion **Passed. (9-0)**

**Resolution #040298, Exhibit D**

**Commissioner Bivens** requested discussion regarding the current audit findings and recommendations. The county attorney was asked to advise the commission on accuracy of minutes before commission approves them. Other subjects were pertaining to fixed assets records, budgets amendments and misclassifications. Ms. Richesin stated that these findings are being corrected.

**Commissioner Park** reported on the jail committee and stated a letter of intent needs to be sent to the U.S. Marshall's Service.

A motion was made by **Commissioner Park** with a second by **Commissioner Duff** to send a letter of intent to the U.S. Marshal's Service stating that the county is considering a jail expansion using grant funds from the marshal's office.

Upon voice vote the chairman announced the motion **Passed** unanimously.

(17)  
Motion passed  
to refer paving  
on Hackberry  
St. Property to  
98-99 Budget

**Commissioner Duff** reported that the capital projects committee took no action on the issue regarding the paving the Hackberry Street lots adjacent to the annex.

A motion was made by **Commissioner Park** with a second by **Commissioner Randolph** to refer this issue to be considered in the 98-99 budget proposal.

Upon voice vote the chairman announced the motion **Passed** unanimously.

(18)  
Motion Passed  
to approve space  
allocations

**Commissioner Duff** reported on recommendations by the capital projects committee concerning space allocation. The litter control and recycling director's office to be moved to the Lenoir City Convenience Center and the vacated office space in the county office building be used for an employee break room.

A motion was made by **Commissioner Duff** with a second by **Commissioner Ledbetter** to approve these recommendations by the capital projects committee.

Upon voice vote the chairman announced the motion **Passed** unanimously.

**Commissioner Duff** also reported that the capital projects committee took no action on the library space allocation.

(19)  
Motion passed  
to approve  
paving of  
Juvenile Center  
parking lot

**Ms. Nancy Richesin**, Director of Budgets and Accounts, reported that the budget committee recommends and requests that the parking lot at the juvenile center be paved. The cost of this is not to exceed \$5,000 and was referred to the budget committee by the capital projects committee. The funds for this project will be added to the general funds from the reserves funds.

A motion was made by **Commissioner Duff** with a second by **Commissioner Ledbetter** to approve this request.

Upon roll call vote the following commissioners voted Aye: **Randolph, Bivens, Maples, Ledbetter, Masingo, Bledsoe, Duff, Park and Twiggs (9)**.

Thereupon the chairman announced the motion **Passed** unanimously. (9-0)

(20)  
Motion to adopt  
resolution to  
refinance TASS  
bonds

**Ms. Richesin** reported the budget committee recommends the adoption of A Resolution Authorizing The Issuance Of Not To Exceed Four Hundred Thousand Dollars (\$400,000) In Aggregate Principal Amount Of Water Revenue And Tax Refunding Bonds, Series 1998 Of Loudon County, Tennessee; Making Provisions For The Issuance, Sale, And Payment Of Said Bonds; Establishing The Terms Thereof And The Disposition Of Proceeds Therefrom; Providing For The Collection And Disposition Of Revenues From The Water System Of The Tellico Area Service System; And Providing For The Levy Of Tax For The Payment Of Principal Of And Interest On The Bonds.

**Commissioner Park** made a motion with a second by **Commissioner Maples** to adopt this resolution.

Upon roll call vote the following commissioners voted Aye: **Randolph, Maples, Ledbetter, Masingo, Bledsoe, Duff, Park and Twiggs (8)**

The following commissioner voted Nay: **Bivens (1)**

Thereupon the chairman announced the motion **Passed**. (8-1)

**Resolution #040698, Exhibit E**



**Mr. Pat Phillips**, Director of Planning and Community Development, requested discussion and possible action on the following items referred to the county commission by the planning commission:

(21)  
Motion passed  
to accept  
Donaldson Light  
Lane as County  
Road

- 1) Consideration to accept Donaldson Light Lane as a county Road.  
**Commissioner Masingo** made a motion with a second by **Commissioner Twiggs** to approve this recommendation from the planning commission.  
Upon unanimous voice vote the chairman announced the motion **Passed**.

(22)  
Motion passed  
to deny rezoning  
on Hwy. 70

- 2) Rezoning request for property located on Highway 70, located in the Fifth Legislative District, referenced by Tax Map 11, Parcels 79.00 and 77.03, from R-1, Suburban Residential District, to C-2, General Commercial District.  
This rezoning request was denied by the planning commission and was recommended not to be rezoned.  
A motion was made by **Commissioner Park** with a second by **Commission Duff** to accept the recommendation by the planning commission and deny rezoning of this property.  
Upon unanimous voice vote the chairman announced the motion **Passed**.

(23)  
Motion passed  
to refer  
rezoning of  
property on  
Hwy. 321 back  
to planning  
commission

- 3) Rezoning request for property on Highway 321, located in the Fifth Legislative District, referenced by tax Map 11-K, Group E, Parcel 2.00, from R-1, Suburban Residential District, to C-2, General Commercial.  
This rezoning matter was requested to be referred back to the planning commission. No action was taken by county commission.

(24)  
Motion to  
amend  
resolution on  
Fireworks  
Distribution

- 4) Amendment to the Zoning Resolution of Loudon County, Tennessee, Article 4, Supplementary provisions Applying to Specific Districts, adding Section 4.200, Standards for Fireworks Distribution, Storage, and Manufacture.  
This item is recommended by the planning commission for approval.  
A motion was made by **Commissioner Randolph** with a second by **Commissioner Bivens** to amend the resolution by removing the last sentence in Section D of the resolution.  
Upon voice vote the chairman announced the motion **Passed**.  
A motion was made by **Commissioner Randolph** with second by **Commissioner Bivens** to accept the amended resolution.  
Upon unanimous voice vote the chairman announced the motion **Passed**.

(25)  
Motion to adopt  
amended  
resolution

(26)  
Attorney  
Sproul's Report

**Attorney Sproul** requested consideration of settlement of defendant Loudon County's portion of **Mounger Vs. Loudon County, et al.** The insurance attorneys have worked out a possible agreement if Mr. Mounger and the county can agree to the location of the right-of-way. The county's portion of the lawsuit would be dismissed without further concern regarding the value of a few trees if an agreement is reached. A meeting with Mr. Mounger has been scheduled for April 7<sup>th</sup>. This case is set for trial later this month.

(27)  
Building  
Commissioner's  
Report

**Doug Lawrence**, Building Commissioner, gave the report totals for January 1998:

Permits issued:	49	Est. Value:	\$2,041,000
Amount collected:	\$4076	New taxes:	\$10,765

(28)  
Motion passed  
to approve  
payment for  
new loop

**Don Palmer**, Road Commissioner, requested payment of an invoice for a new loop that was installed in the traffic light at Eaton's Crossroads. The amount of the invoice is \$660.

A motion was made by **Commissioner Park** with a second by **Commissioner Twiggs** to pay this invoice.

Upon roll call vote the following commissioners voted Aye: **Randolph, Bivens, Maples, Ledbetter, Masingo, Bledsoe, Duff, Park and Twiggs (9).**

Thereupon the chairman announced the motion **Passed** unanimously. (9-0)

(29)  
Motion passed  
to authorize  
Road  
Commissioner to  
Give LCUB  
right-of-way

**Mr. Palmer** requested permission for a right-of-way for LCUB to install a sewer line.

A motion was made by **Commissioner Park** with a second by **Commissioner Twiggs** to give right-of-way to LCUB for sewer line wherever the road supervisor approves.

Thereupon the chairman announced the motion **Passed** unanimously. (9-0)

(30)  
Purchasing  
Agent's Report

**Howard Luttrell**, Purchasing Agent, passed out a work order report for March.

Mr. Luttrell reported bids are to open at the end of April for construction of a turn lane at Foster Drive and Martel Road. The bids for Highland Park Drive and Hwy. 11 intersection will open in May. The juvenile center is planning an open house at the end of this month.

(31)  
Motion passed  
to sign copier  
leases

**Mr. Luttrell** requested authorization to lease a new copier for the Circuit/Criminal Court. The current lease expires in May. The lease is for 60 months at \$167.39/month with a \$70/month maintenance agreement. The money is in the budget.

A motion was made by **Commissioner Park** with a second by **Commissioner Masingo** to give Mr. Luttrell the authority to sign the copier lease.

Upon roll call vote the following commissioners voted Aye: **Randolph, Bivens, Maples, Ledbetter, Masingo, Bledsoe, Duff, Park and Twiggs (9).**

Thereupon the chairman announced the motion **Passed** unanimously. (9-0)

(32)  
Bonds Approved

A Motion was made by **Commissioner Masingo** with a second by **Commissioner Maples** to approve the following bond:

Phyllis J. Burnette

The motion **Passed** unanimously upon voice vote.

A **Motion** was made by **Commissioner Masingo** with a second by **Commissioner Ledbetter** to approve the following notaries:

(33)  
Notaries  
approved

Phyllis J. Burnette	Tracy Y. Riedl
Bob Howard	Charles A. Chadwell
Jo Ann Johnson	Gail Wiggins
Olivia S. Browder	Hester L. Scarbrough
Mary Jean Christian	

The motion **Passed** unanimously upon voice vote.

(34)  
Adjournment

A **Motion** being duly made and seconded, the April 6, 1998 meeting stood adjourned at 8:50 p.m.

ATTEST:

  
CHAIRMAN

  
COUNTY COURT CLERK

  
COUNTY EXECUTIVE



LOUDON COUNTY COMMISSION

RESOLUTION NO. 040298

**RESOLUTION APPROVING OR ACKNOWLEDGING BOARD OR  
COMMITTEE APPOINTMENT BY COUNTY EXECUTIVE**

**WHEREAS**, by statute, and/or intergovernmental agreement and/or County Procedural Regulations, the County Executive has authority to make certain committee and board appointments; and

**WHEREAS**, an appointment (or appointments) is necessary and/or desirable at this time; and

**WHEREAS**, the County Executive appoints the following as members of the

**E - 9 1 1 BOARD**

Appointee

Term Expiration

**Panel A**

**Larry Horian**

**February 5, 2002**

**Tim Guider**

**February 5, 2002**

**Bill Anderson**

**February 5, 2002**

**NOW, THEREFORE, BE IT RESOLVED** that the County Commission in regular session assembled this 6<sup>th</sup> day of April 1998 hereby approves and acknowledges (as appropriate), the said appointment(s).

  
COUNTY CHAIRMAN

ATTEST:

  
COUNTY CLERK

  
COUNTY EXECUTIVE

The remaining members and their continuing expiration terms for said board or committee are as follows:

Appointee

Term Expiration

**Panel B**

**Jack Fine (L.C. Police Chief)**

**February 5, 2000**

**Richard Martin (L.C. Fire Chief)**

**February 5, 2000**

**Bob Lewis**

**February 5, 2000**

**Panel C**

**Rondell Branam**

**February 5, 2001**

**John Parris**

**February 5, 2001**

**Wayne Baxter**

**February 5, 2001**

Exhibit = A.

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LOUDON COUNTY COMMISSION

RESOLUTION NO. 040298

RESOLUTION REORGANIZING THE  
LOUDON COUNTY BEER BOARD WITH STRUCTURED TERMS OF SERVICE

WHEREAS, the Loudon County Commission and its predecessors has delegated its authority and responsibility for the regulation of the issuance and revocation of beer sale permits and related matters, presently under the authority of Tennessee Code Annotated §57-5-105 to an appointed Beer Board; and

WHEREAS, over a period of many years, there has been no term of office for persons appointed to the Beer Board, and the number of persons who have served on the Beer Board has varied from time to time; and

WHEREAS, it is the desire of the Loudon County Commission that the formation and organization of the Loudon County Beer Board have more "structure".

NOW, THEREFORE, BE IT RESOLVED by the Loudon County Commission, in regular session assembled this 6th day of April, 1998, as follows:

1. The authority of the Loudon County Commission as granted by the Tennessee General Assembly in Tennessee Code Annotated §57-5-105 is delegated to the Loudon County Beer Board.

2. Number of Members: The County Executive shall appoint, at the appropriate time, residents from each of the six legislative districts in Loudon County, all appointments being subject to the approval of the County Commission.

3. The terms of office are hereby established so that after the initial appointments, all terms thereafter shall be three (3) years, the said appointees to serve until their successors are appointed, with the initial terms to be staggered as follows:

Panel A -- Term Expiration: August 31, 1998

First District  
Second District

Panel B -- Term Expiration: August 31, 1999

Third District  
Fourth District

Panel C -- Term Expiration: August 31, 2000

Fifth District  
Sixth District

4. Organization of Board: The Board shall elect as officers a Chairman, Vice-Chairman and Secretary annually. The Chairman shall vote on an issue only in the event of a tie.

5. Meetings: The Board shall meet at least annually, but shall meet otherwise upon call of the Chairman and/or of the Board Attorney. The notice and conduct of all meetings shall comply with the Tennessee Open Meetings statutes.

*E. H. B.*

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6. Attorney: The Board shall employ an attorney as selected by the Board. In the event that the Board fails to specifically employ an attorney, the required legal duties shall be performed by the County Attorney.

Roy McKee  
COUNTY CHAIRMAN

ACCEPTED:

George W. Miller  
COUNTY EXECUTIVE

ATTEST:

Billy D. Wampler  
COUNTY CLERK

Ephraim - B



LOUDON COUNTY COMMISSION

RESOLUTION NO. 940298

**RESOLUTION APPROVING OR ACKNOWLEDGING BOARD OR  
COMMITTEE APPOINTMENT BY COUNTY EXECUTIVE**

**WHEREAS**, by statute, and/or intergovernmental agreement and/or County Procedural Regulations, the County Executive has authority to make certain committee and board appointments; and

**WHEREAS**, an appointment (or appointments) is necessary and/or desirable at this time; and

**WHEREAS**, the County Executive appoints the following as a member of

**LOUDON COUNTY  
BEER BOARD**

Appointee

**Panel B**

Fourth District - Robert Snodgrass

Term Expiration

August 31, 1999

**NOW, THEREFORE, BE IT RESOLVED** that the County Commission in regular session assembled this 4th day of May, 1998 hereby approves and acknowledges (as appropriate), the said appointment(s).

  
COUNTY CHAIRMAN

ATTEST:

  
COUNTY CLERK

  
COUNTY EXECUTIVE

The remaining members and their continuing expiration terms for said board or committee are as follows:

Appointee

Term Expiration

**Panel A**

August 31, 1998

First District - Rolf Randby

Second District - No Appointee at this time

**Panel B**

August 31, 1999

Third District - Bobby Brown

**Panel C**

August 31, 2000

Fifth District - Dana Zehner

Sixth District - James Williamson



LOUDON COUNTY COMMISSION  
RESOLUTION NO. 040298

**A RESOLUTION URGING THE U. S. POSTAL SERVICE TO ESTABLISH A  
CONTRACT POSTAL SERVICE FOR THE TELlico VILLAGE COMMUNITY  
AND THE SURROUNDING AREA OF LOUDON COUNTY**

**WHEREAS**, the Tellico Village Community has a population of approximately 3,000 people and is growing very rapidly; and

**WHEREAS**, the nearest post office is located in the city of Loudon which is ten miles from the community; and

**WHEREAS**, post office in Loudon does not have sufficient parking, making it most inconvenient; and

**WHEREAS**, Tellico Village has a party who is interested in operating a postal service under a contract with the U. S. Postal Service.

**NOW, THEREFORE, BE IT RESOLVED** by the Loudon County Legislative Body, meeting April 6, 1998, a quorum being present and a majority voting in the affirmative, that the Loudon County Commission hereby urges the U. S. Postal Service to consider establishing a contracted post office in the Tellico Village Community.

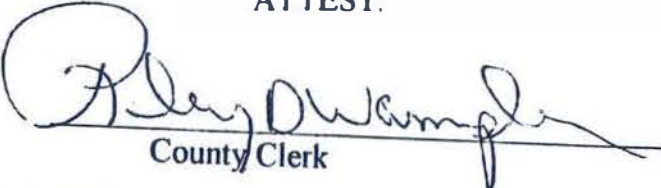
Adopted this 6th day of April 1998.

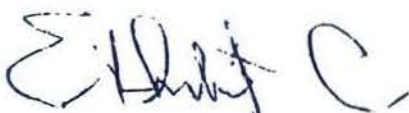
  
County Chairman

APPROVED:

  
County Executive

ATTEST:

  
County Clerk





LOUDON COUNTY COMMISSION

RESOLUTION NO. 040398

RESOLUTION ESTABLISHING POLICY TO PROVIDE  
FOR THE APPOINTMENT OF SPECIAL JUDGES IN THE ABSENCE OF  
THE GENERAL SESSIONS COURT JUDGE

WHEREAS, the General Sessions Court of Loudon County has jurisdiction over preliminary hearings in all criminal matters, the trial of certain categories of criminal misdemeanors, civil suits under maximum limits as provided by law, divorce, probate, and certain other matters; and

WHEREAS, provision is needed for the continuation of judicial business and court proceedings when the General Sessions Judge must be absent from his duties because of vacation, sickness, or the requirements of continuing education; and

WHEREAS, Tennessee Code Annotated §16-15-209 provides a procedure for the appointment of special judges by interchange and/or appointment of substitute judges in the absence of the duly-elected judge, or in the event of the judge's disability; and

WHEREAS, the county legislative body by a 2/3 majority vote may authorize the appointment by the Court of a rotating list of qualified lawyers from the county to serve as special judge when other solutions are not possible.

NOW, THEREFORE, BE IT RESOLVED by the Loudon County Commission, in regular session assembled this 6th day of April, 1998, as follows:

1. Upon determination by the duly elected General Sessions Judge of Loudon County that, in his absence, there is no other judge available by appointment or coordination through the Supreme Court or the Administrative Office of the Courts, and no retired judge or judge from a neighboring county by interchange is available, the General Sessions Court Judge may appoint a lawyer from a previously-approved list, on a rotating basis, of lawyers that have been approved by the General Sessions Court Judge, who are constitutionally qualified, in good standing, and possess sufficient experience and expertise to serve as special judge.

2. The provision of Tennessee Code Annotated §16-15-209 must be observed, including the following:

a. The lawyer may preside in contested matters only if the parties and counsel are notified that the duly elected judge will be absent, and that a practicing lawyer will be serving as special judge.

b. The parties upon notification must choose to proceed, and have the right to continue the case pending the return of the duly elected Judge.

c. The lawyer sitting as special judge shall not approve the payment of attorney's fees involving an indigent defense claim, nor any discretionary fees; but may approve fees only when same have been specially set by statute, and can be exactly determined mathematically without the use of judgment or discretion.

d. The special judge shall qualify by being sworn and executing the affidavit for the day or days that the appointed lawyer is to serve.

3. The General Sessions Court Judge shall issue and file a standing order in accordance with T.C.A. 16-15-209(a)(1)-(4), which order shall include the list of lawyers who have been approved as being qualified to perform, who shall be contacted on a rotating basis for availability to serve.

4. The amount of compensation is hereby established as follows: An attorney special judge in General Sessions Court shall be compensated at the rate of \$25 per hour, with a minimum of \$125 for each day served, and a maximum of \$200.

This Resolution shall take effect upon passage, the public welfare requiring it.

  
COUNTY CHAIRMAN

ACCEPTED:

  
COUNTY EXECUTIVE

ATTEST:

  
COUNTY CLERK

Exhibit-D

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Resolution No. 2-040298

#596531.1

A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED FOUR HUNDRED THOUSAND DOLLARS (\$400,000) IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE AND TAX REFUNDING BONDS, SERIES 1998 OF LOUDON COUNTY, TENNESSEE; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BONDS; ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; PROVIDING FOR THE COLLECTION AND DISPOSITION OF REVENUES FROM THE WATER SYSTEM OF THE TELlico AREA SERVICES SYSTEM; AND PROVIDING FOR THE LEVY OF TAX FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS.

WHEREAS, pursuant to authority granted by Sections 9-21-101, et seq., Tennessee Code Annotated, Loudon County, Tennessee (the "County") has authorized and issued its Water Revenue and Tax Refunding Bonds, Series 1989, dated September 1, 1989, maturing January 1, 1999 through January 1, 2009, inclusive (the "Outstanding Bonds"); and

WHEREAS, the County is authorized by Sections 9-21-101 et seq., Tennessee Code Annotated, to issue, by resolution, bonds to refund, redeem or make principal and interest payments on bonds or other obligations previously issued by the County; and

WHEREAS, the Outstanding Bonds can now be refinanced at a lower interest cost, thereby effecting a cost savings to the public; and

WHEREAS, the Board of Commissioners of the County has determined that it would be advantageous to the County if the Outstanding Bonds were refunded and redeemed at their earliest optional redemption date; and

WHEREAS, the plan for the refunding of the Bonds has been submitted to the State Director of Local Finance as required by Section 9-21-903, Tennessee Code Annotated, and he has acknowledged receipt thereof to the County and submitted his report thereon to the County; and

WHEREAS, it is the intention of the Board of County Commissioners to adopt this resolution for the purpose of authorizing the issuance of the bonds of the County in an amount not to exceed \$400,000 for the purposes described above, providing for the issuance, sale and payment of said bonds, establishing the terms thereof and the disposition of proceeds therefrom, and providing for the levy of a tax for the payment of principal thereof and interest thereon.

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

Exhibit = E

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

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

(a) "Bonds" shall mean the not to exceed \$400,000 Water Revenue and Tax Refunding Bonds, Series 1998, to be dated April 1, 1998, or such other date as shall be designated by the County Executive pursuant to authority delegated in Section 11 hereof, authorized to be issued by this resolution;

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

(c) "County" shall mean Loudon County, Tennessee;

(d) "Current Expenses" shall mean the reasonable and necessary costs of operating, maintaining, repairing and insuring the System, including the cost of water, salaries, wages, cost of material and supplies and insurance premiums, but shall exclude depreciation, amortization and interest;

(e) "Governing Body" shall mean the Board of County Commissioners of the County;

(f) "Government Securities" shall mean obligations and securities described in Section 9-21-914, Tennessee Code Annotated;

(g) "Net Revenues" shall mean Revenues of the System, 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;

(h) "Outstanding Bonds" shall mean the County's outstanding Water Revenue and Tax Refunding Bonds, Series 1989, dated September 1, 1989, maturing January 1, 1999 through January 1, 2009, inclusive;

(i) "Parity Bonds" shall mean bonds issued on a parity with the Bonds herein authorized in accordance with the restrictive provisions of Section 8 hereof;

(j) "Prior Lien Bonds" shall mean to the extent such bonds are outstanding on the date of issuance of the Bonds: the County's outstanding Water Revenue and Tax Bond, Series 1994, dated November 10, 1994; Water Revenue and Tax Refunding Bonds, Series 1989, dated September 1, 1989 issued by Monroe County, Tennessee; and Water Revenue and Tax Bond, Series 1995, dated October 31, 1996, issued by Monroe County, Tennessee;



(k) "Revenues" shall mean all revenues, rentals, earnings and income of the System from whatever source, including all revenues derived from the operation of the System from whatever sources, including tapping privileges and meter and hydrant fees reported as contributions in aid of construction; 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 funds created to refund any outstanding bonds of the System or earnings from proceeds of bonds or other obligations deposited to a construction fund if the resolution authorizing such bonds or other obligations so permits);

(l) "Registration Agent" shall mean First Tennessee Bank National Association, Memphis, Tennessee or any successor designated by the Governing Body;

(m) "System" shall mean the complete waterworks system owned jointly by the County and Monroe County, Tennessee and operated as the Tellico Area Services System by the Tellico Area Services Board, together with, and including all improvements and extensions made by either the County or Monroe County while the 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.

Section 3. Findings of the Governing Body. It is hereby found and determined by the Governing Body that the refunding of the Outstanding Bonds as set forth herein through the issuance of the Bonds will result in a reduction in debt service payable by the County over the term of the Outstanding Bonds, thereby effecting a cost savings to the public.

Section 4. Authorization and Terms of the Bonds. For the purpose of providing funds to pay a portion of principal of and interest on the Outstanding Bonds to redemption and to pay costs incident thereto and incident to the issuance and sale of the Bonds as more fully set forth in Section 12 hereof, there is hereby authorized to be issued revenue and tax deficiency bonds of the County in the aggregate principal amount of not to exceed \$400,000. The Bonds shall be issued in fully registered form, without coupons, and shall be designated "Water Revenue and Tax Refunding Bonds, Series 1998", dated as of April 1, 1998, or such other date as shall be established pursuant to Section 11 hereof and shall bear interest from the date thereof at a rate or rates not to exceed six percent (6%) per annum, such interest being payable semi-annually on the first day of January and July of each year, commencing July 1, 1998. The Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof as shall be requested by the purchaser of the Bonds. The Bonds shall mature serially and be payable on January 1 of each year as follows (subject to such adjustments permitted by Section 11 hereof):



<u>Year</u>	<u>Amount</u>
1999	\$25,000
2000	25,000
2001	25,000
2002	30,000
2003	30,000
2004	30,000
2005	35,000
2006	35,000
2007	40,000
2008	50,000
2009	50,000

Bonds maturing January 1, 1999 through January 1, 2005 shall mature without option of prior redemption. Bonds maturing January 1, 2006 and thereafter, shall be subject to redemption prior to maturity at the option of the County on January 1, 2005 and on any date thereafter at a redemption price of par plus interest accrued to the redemption date. The provisions of this paragraph are subject to the provisions of Section 11 hereof.

If less than all the Bonds shall be called for redemption, the Governing Body, in its discretion, shall designate the maturity or maturities which will be redeemed, and, if less than all the Bonds of a single maturity shall be called for redemption, 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 may determine.

Pursuant to Section 8 hereof, the County Executive is authorized to sell the Bonds, or any maturities thereof, as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by the County Executive. In the event any or all the Bonds are sold as term Bonds, the County 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 may be adjusted pursuant to Section 8 hereof, at a price of par plus accrued interest thereon to the date of redemption. The term Bonds to be so redeemed shall be selected by lot or in such other random manner as the Registration Agent in its discretion may designate.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the County 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 County 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. The County shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its 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.

Notice of call for redemption shall be given by the Registration Agent on behalf of the County 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 any such notice nor any defect in any 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 Registration Agent shall mail said notices, in the case of term bonds with mandatory redemption requirements as and when provided herein and, in the case of optional redemption, as and when directed by the County pursuant to written instructions from an authorized representative of the County given at least forty-five (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 Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent to the payment thereof and if notice has been duly provided as set forth herein.

The Governing Body hereby authorizes and directs the Registration Agent to maintain Bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance, upon transfer, or as otherwise directed by the County, to effect transfers of the Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Bonds as provided herein, to cancel and destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the County at least annually a certificate of destruction with respect to Bonds cancelled and destroyed, and to furnish the County at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds. The County Executive is hereby authorized to execute and the County Clerk is hereby authorized to attest such written agreement between the County and the Registration Agent as they shall deem necessary or 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.

The Bonds shall be payable, principal and interest, in lawful money of the United States of America at the principal corporate trust office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds on each interest payment date directly to



the registered owners as 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 owners at their addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the County in respect of such Bonds to the extent of the payments so made. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

Any interest on any Bond which 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 County to the persons in whose names the 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 County shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the County 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 (10) 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 fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the County of such Special Record Date and, in the name and at the expense of the County, not less than ten (10) 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 Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the 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 County to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Bonds when due.

The Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered 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 Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Bond or Bonds to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period



commencing on a Regular 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 to transfer or exchange any Bond during the period following receipt of instructions from the County to call such 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 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 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the County nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bonds shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Bonds of the same maturity in any authorized denomination or denominations.

The Bonds shall be signed by the County Executive and attested by the County Clerk by their respective facsimile signatures, and shall have imprinted thereon a facsimile of the corporate seal of the County.

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

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

Section 5. Source of Payment. The Bonds shall be payable primarily from and be secured by a pledge of the Net Revenues to be derived from the operation of the System, subject to prior pledges of such Net Revenues in favor of the Prior Lien Bonds; and, in the event of a deficiency of such Net Revenues, the Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are hereby irrevocably pledged.

Section 6. Form of Bonds. The Bonds shall be in substantially the following form, the omissions to be appropriately completed when the Bonds are prepared and delivered:

(Form of Face of Bond)

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

REGISTERED  
§ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
COUNTY OF LOUDON

WATER REVENUE AND TAX REFUNDING BOND, SERIES 1998

Interest Rate:	Maturity Date:	Date of Bond:	CUSIP No.:
		April 1, 1998	

Registered Owner:  
Principal Amount:

KNOW ALL MEN BY THESE PRESENTS: That Loudon County, Tennessee (the "County"), for value received hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth, on the maturity date hereinabove set forth or redemption date as set forth herein, and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on July 1, 1998 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 First Tennessee Bank National Association, Memphis, Tennessee, as registration 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 County 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 person 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 (10) days prior to such Special

Record Date. Payment of principal of this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Reference is hereby made to the further provisions of this Bond set forth on the reverse side hereof and such further provisions shall for all purposes have the same effect as if set forth on the front side hereof.

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, together with all other indebtedness of the Co nty, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the County has caused this Bond to be signed by its County Executive with his facsimile signature and attested by its County Clerk with his facsimile signature under a facsimile of the corporate seal of the County, all as of the date hereinabove set forth.

LOUDON COUNTY

BY: (Facsimile) George M. Muller  
County Executive

(FACSIMILE SEAL)

ATTESTED:

(Facsimile) Billy D. Wampler  
County Clerk

Transferable and payable at the  
principal corporate trust office of: First Tennessee Bank National Association  
Memphis, Tennessee

Date of Registration: 4-6-98



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

FIRST TENNESSEE BANK NATIONAL ASSOCIATION  
Registration Agent

By: \_\_\_\_\_  
Authorized Representative

(Form of Reverse Side of Bond)

Bonds of the issue of which this Bond is one maturing January 1, 1999 through January 1, 2005, inclusive, shall mature without option of prior redemption. Bonds maturing on June 1, 2006 and thereafter shall be subject to redemption prior to maturity at the option of the County on or after January 1, 2005 as a whole or in part at any time at the price of par plus interest accrued to the redemption date.

If less than all the Bonds shall be called for redemption, the Board of County Commissioners of the County, in its discretion, shall designate the maturity or maturities which will be redeemed, and, if less than all the Bonds of a single maturity shall be called for redemption, 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 may determine.

Notice of call for redemption 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 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. 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 given as set forth in the Resolution, as hereafter defined.

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 County 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 County to call such Bond for redemption.

This Bond is one of a total authorized issue aggregating \$\_\_\_\_\_ and issued by the County for the purpose of providing funds to refund the County's outstanding Water Revenue and Tax Refunding Bonds, Series 1989, dated September 1, 1989, maturing January 1, 1999 through January 1, 2009, inclusive, under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101 et seq., inclusive, Tennessee Code Annotated, and pursuant to a resolution duly adopted by the Board of County Commissioners of the County on the sixth day of April, 1998 (the "Resolution").

This Bond is payable primarily from and secured by a pledge of the income and revenues to be derived from the operation of the waterworks system owned jointly by the County and Monroe County, Tennessee and operated as the Tellico Area Services System by the Tellico Area Services Board, subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring said system and the prior lien of the County's outstanding Water Revenue and Tax Bond, Series 1994, dated November 10, 1994; [Water Revenue and Tax Refunding Bonds, Series 1989, dated September 1, 1989 issued by Monroe County, Tennessee;] and Water Revenue and Tax Bond, Series 1995, dated October 31, 1996, issued by Monroe County, Tennessee. In the event of a deficiency in such revenues, this Bond is payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on this Bond, the full faith and credit of the County are irrevocably pledged. For a more complete statement of the general covenants and provisions pursuant to which this Bond is issued, reference is hereby made to said Resolution.

This Bond and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Bond during the period the Bond is held or beneficially owned by a corporation, bank, savings and loan association or any other business entity described in Section 67-4-806, Tennessee Code Annotated, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any corporation, bank, savings and loan association or other business entity described in Section 67-4-903, Tennessee Code Annotated.



## FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto \_\_\_\_\_ (Please insert Federal Tax or Social Security Number of Assignee \_\_\_\_\_), whose address is \_\_\_\_\_, the within Bond of Loudon County, 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 alteration or enlargement 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.

Section 7. Pledge of Net Revenues and Levy of Tax. For the prompt payment of the principal of and interest on the Bonds, there is hereby pledged for such payment the Net Revenues derived from the operation of the System, subject to the prior lien of the Prior Lien Bonds, in amounts not exceeding the amounts required to make such payments as they come due. In the event of a deficiency in such Net Revenues for the purposes herein provided, the County, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the County, in addition to all other taxes authorized by law, sufficient to pay principal of, premium, if any, and interest on the Bonds when due, and for that purpose there is hereby levied a direct annual tax in such amount as may be found necessary each year to pay principal and interest coming due on the Bonds in said year; provided, however, that the tax so levied in any year may be proportionately reduced by the amount of money actually on hand from the Net Revenues of the System and available for the payment of such principal and interest. Principal and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the County and reimbursement therefor shall be made out of the taxes hereby provided to be levied



when the same shall have been collected. The tax herein provided may be reduced to the extent of any appropriations from other funds, taxes and revenues of the County to the payment of debt service on the Bonds.

Section 8. Equality of Lien; Prohibition of Prior Lien; Parity Bonds. The punctual payment of principal of and interest on the Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of number or time of sale or execution or delivery, and, subject to the payment of reasonable and necessary costs of operating, maintaining, repairing and insuring the System and the payment of Prior Lien Bonds, the Net Revenues of the System are hereby irrevocably pledged to the punctual payment of such principal and interest as the same become due.

Except as hereinafter provided, 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 on a parity with or having priority over the Bonds.

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

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

(b) Additional bonds may be issued on a parity with the Bonds without regard to the requirements of subsection (c) of this Section if such bonds shall be issued for the purpose of refunding any of the Bonds or Parity Bonds which shall have matured or which shall mature not later than three months after the date of delivery of such refunding bonds.

(c) Additional bonds may be issued on a parity with the Bonds if all of the following conditions are met:

(1) The Net Revenues of the System for any twelve (12) consecutive months during the eighteen (18) months immediately preceding the issuance of the additional bonds must have been equal to 1.2 times the maximum annual interest and principal requirements for any succeeding fiscal year on all bonds then outstanding payable from the Revenues of the System (but excluding any bonds to be refunded from the proceeds of such bonds proposed to be issued) and the bonds so proposed to be issued; provided, however, that if prior to the authorization of such additional bonds the County shall have adopted and put into effect a revised schedule of rates for the System or expanded the System (or will expand the System in connection with the issuance of the additional bonds) so that its capacity is increased, then the Net Revenues for the twelve (12) months of the eighteen (18) months immediately preceding the issuance of such additional bonds, as certified by an independent engineer or engineering firm with a favorable reputation for skill and experience in the

design and operation of water systems or a nationally recognized firm of financial feasibility consultants having a favorable reputation for skill and experience in the financial feasibility of water systems, which would have resulted from such rates had they been in effect for such period or would have resulted from such additional capacity, may be used in lieu of the actual Net Revenues for such period;

(2) No default in the payment of principal of and interest on the Bonds and any parity bonds shall have occurred;

(3) The proceeds of the additional bonds must be used solely for the making of improvements, extensions, renewals or replacements to the System, or to refund outstanding obligations payable from the Revenues of the System.

Section 9. Charges for Services Supplied by the System. While the Bonds and any Parity Bonds remain outstanding and unpaid, the County covenants and agrees that it will permit no free service to be furnished to any consumer or user whatsoever, and the charges for all services supplied through the medium of the System to the 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, operating, repairing, and insuring the System, and the proper and necessary allowances for the depreciation thereof, and the amounts necessary for the payment of principal of, premium, if any, and interest on all bonds and other obligations payable from such Net Revenues, and there shall be charged against all users of the services of the System such rates and amounts as shall be fully adequate to meet the debt service requirements of the Bonds.

Section 10. Remedies of Bondowners. Any 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 County by the provisions of this resolution, including the making and collecting of sufficient rates, the segregation from all funds of the County of the income and Revenues of the System and proper application thereof.

If any default be made in the payment of principal of or interest on the Bonds, then upon the filing of suit by any holder of said Bonds, any court having jurisdiction of the action may appoint a receiver to administer the system on 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 Current Expenses, and to apply the income and Revenues thereof in conformity with the provisions of this resolution.

Section 11. Sale of Bonds. (a) The Bonds shall be sold as required by law at public or negotiated sale at a price of not less than ninety-eight and one-half percent (98.5%) of par less original issue discount on the Bonds, plus accrued interest, as a whole or in part, from time to time as shall be determined by the County Executive of the County.



(b) To facilitate the sale of the Bonds and to maximize the savings from the refunding of all or a portion of the Outstanding Bonds in a manner that is in the best interest of the County, the County Executive, in consultation with the County's financial advisor, if any, or with the original purchaser, is authorized to change the dated date of the Bonds to a date other than April 1, 1998, to change the first interest payment date on the Bonds to a date other than July 1, 1998, to adjust the maturity schedule in connection with the change in the dated date or otherwise, to adjust the principal and interest payment dates, to change the County's optional redemption provisions of the Bonds, to sell the Bonds or any maturities thereof as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as otherwise determined by the County Executive, as he shall deem most advantageous to the County, and to cause all or a portion of the Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company, to refund fewer than all of the Outstanding Bonds, to sell fewer than all the Bonds authorized herein and to make adjustments to the maturity schedule set forth in Section 4 hereof provided that any adjustments made to the maturity amounts in Section 4 hereof shall not cause the total amount of the Bonds to exceed the amount authorized herein to achieve the purposes set forth herein and to serve the best interests of the County.

(c) If the Bonds are sold at a public sale, the County Executive is authorized to award the Bonds to the bidder whose bid results in the lowest true interest cost to the County, provided the rate or rates on none of the Bonds exceeds six percent (6%) per annum. The award of the Bonds by the County Executive to the lowest bidder shall be binding on the County, and no further action of the Governing Body with respect thereto shall be required. If the Bonds are sold at private sale, the County Executive is authorized to sell the Bonds to the original purchaser at not less than the price set forth above at a rate or rates not to exceed six percent (6%) per annum and no further action of the Governing Body shall be required.

(d) If the Bonds are sold at negotiated sale, the County Executive is hereby authorized to execute and the County Clerk is authorized to attest a bond purchase agreement with the original purchaser, providing for the purchase and sale of the Bonds. The bond purchase agreement shall be in form and content acceptable to the County Executive, provided the bond purchase agreement effects the sale of the Bonds in accordance with the provisions of this resolution, and is not inconsistent with the terms hereof.

(e) The County Executive and the County Clerk, or either of them, are authorized to cause the Bonds to be authenticated and delivered by the Registration Agent to the successful bidder, if sold at a public sale, or to the original purchaser if sold at a negotiated sale, and to execute, publish, and deliver all certificates and documents, including an official statement, and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Bonds. The form of the Bond set forth in Section 6 hereof shall be conformed to reflect changes, if any, as hereinbefore mentioned. No Bonds shall be issued hereunder until the refunding of the Outstanding Bonds has been approved by the State Director of Local Finance.



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

(f) all accrued interest shall be used to pay interest on the Bonds on the first interest payment date following delivery of the Bonds;

(g) an amount which, together with other legally available funds of the County, if any, and investment earnings thereon on said Bond proceeds, will be sufficient to pay principal, premium, if any, and interest on the Outstanding Bonds, shall be held in a separate account of the County, said funds to be on deposit either with the registration agent of the Outstanding Bonds or other financial institution and applied to the redemption of the Outstanding Bonds on the earliest redemption date for the Outstanding Bonds following the date of delivery of the Bonds; and

(h) The remainder of the proceeds of the sale of the Bonds shall be used to pay the costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, rating agency fees, Registration Agent fees, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds.

Section 13. Redemption of the Outstanding Bonds. The County Executive and County Clerk, or either of them, are hereby authorized and directed to take all steps necessary, in accordance with the resolution authorizing the Outstanding Bonds, to redeem the Outstanding Bonds on the earliest redemption date for the Outstanding Bonds following the date of delivery of the Bonds.

Section 14. Official Statement. The County Executive and the County Clerk, or either of them, working with J. C. Bradford & Co., Nashville, Tennessee, are hereby authorized and directed to provide for the preparation and distribution of a Preliminary Official Statement describing the Bonds. After the Bonds have been sold, the County Executive and the County Clerk, 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 Executive and the County Clerk, or either of them, shall arrange for the delivery to the successful bidder if sold at a public sale or to the original purchaser if sold at a negotiated sale of a reasonable number of copies of the Official Statement within seven business days after the Bonds have been awarded for delivery by the successful bidder or sold to the original purchaser to each potential investor requesting a copy of the Official Statement and to each person to whom such bidder and members of his bidding group, if sold at a public sale, or to whom the original purchaser, if sold at a negotiated sale, initially sells the Bonds.

The County Executive and the County Clerk, or either of them, are authorized, on behalf of the County, 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 County, except for the omission in the Preliminary Official Statement of such pricing and other information.

Section 15. Arbitrage. The County recognizes that the purchasers and owners of the Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon will not be included in gross income for purposes of federal income taxation under laws in force on the date of delivery of the Bonds. In this connection, the County agrees that it shall take no action which may render the interest on any of said Bonds includable in gross income for purposes of federal income taxation. It is the reasonable expectation of the Governing Body of the County that the proceeds of the Bonds will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the 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 Body further covenants and represents that in the event it shall be required by Section 148(f) of the Code to pay any investment proceeds of the Bonds to the United States government, it will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Bonds being included in gross income for federal income tax purposes. The County Executive and County Clerk, or either of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as either or both shall deem appropriate, and such certifications shall constitute a representation and certification of the County.

Section 16. Discharge and Satisfaction of Bonds. If the County shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways, to wit:

(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 bank whose deposits are insured by the Federal Deposit Insurance Corporation and which has trust powers ("a Trustee"; which Trustee may be the Registration Agent) in trust, on or before the date of maturity or redemption, sufficient money or Federal Obligations, as hereafter defined, 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 County shall also pay or cause to be paid all other sums payable hereunder by the County with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Trustee 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, liens, pledges, agreements and obligations entered into, created, or imposed hereunder, including the pledge of and lien on the Net Revenues of the System set forth herein, shall be fully discharged and satisfied with respect to the Bonds and the owners thereof and shall thereupon cease, terminate and become void.

If the County 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 Federal Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Federal Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Federal Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and premium, if any, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Federal 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 County 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 Federal Obligations maturing at times and in amounts sufficient to pay when due the principal and premium, if any, 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 County, as received by the Registration Agent. For the purposes of this Section, Federal Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee Law for the purposes described in this Section, 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.

Section 17. Continuing Disclosure. The County hereby covenants and agrees that it will provide annual financial information and material event notices as required by Rule 15c2-12 of the Securities Exchange Commission for the Bonds. The County Executive is authorized to execute at the Closing of the sale of the Bonds, an agreement for the benefit of and enforceable by the owners of the Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of the County 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 Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the County to comply with

its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 18. Qualified Tax-Exempt Obligations. To the extent the Bonds may be designated, the Governing Body hereby designates the Bonds, not otherwise deemed designated, as "qualified tax-exempt obligations" within the meaning of and pursuant to Section 265 of the Code.

Section 19. Resolution a Contract. The provisions of this resolution shall constitute a contract between the County and the registered owners of the Bonds, and after the issuance of the Bonds, no change, variation or alteration of any kind in the provisions of this resolution shall be made in any manner until such time as the Bonds and interest due thereon shall have been paid in full.

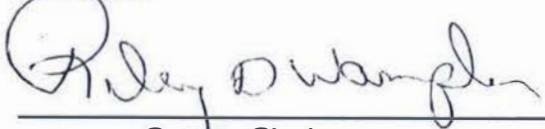
Section 20. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 21. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Adopted and approved this 6th day of April, 1998.

  
\_\_\_\_\_  
County Executive

ATTEST:

  
\_\_\_\_\_  
County Clerk

STATE OF TENNESSEE, LOUDON COUNTY  
I, Riley D. Wampler, County Court Clerk for said county  
certify this to be a true and correct copy of the original  
which is on file in my office at the Court House in  
Loudon. Witness my hand and seal at office, this

\_\_\_\_ 19 \_\_\_\_ Pages \_\_\_\_

\_\_\_\_\_  
Clerk  
By \_\_\_\_\_ D.C.

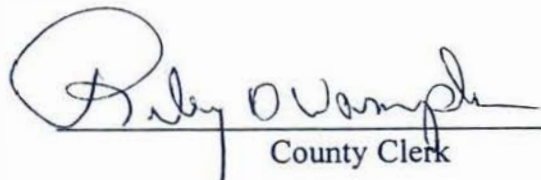


STATE OF TENNESSEE    )

COUNTY OF LOUDON    )

I, Riley D. Wampler, 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 regular meeting of the governing body of the County held on April 6, 1998; 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 \$400,000 Water Revenue and Tax Refunding Bonds, Series 1998 of said County.

WITNESS my official signature and seal of said County this 6 day of April, 1998.

  
County Clerk

(SEAL)

The Board of County Commissioners of Loudon County, Tennessee, met in regular session on April 6, 1998, at 7:30 o'clock, p.m. at the Loudon County Courthouse, Loudon, Tennessee, with Roy Bledsoe presiding.

The following Commissioners were present: Bledsoe, Randolph, Birans, Mearns, Park, Duff, Schutter, Napier, Tamm

The following Commissioners were absent:

None

There were also present George Miller, County Executive and Riley D. Wampler, County Clerk.

After the meeting was duly called to order, the following resolution was introduced by Park, seconded by Napier and after due deliberation, was adopted by the following vote:

AYE: 8

NAY: 1

Philip E.

21 pages