

REGULAR MEETING
BOARD OF MAYOR AND ALDERMEN
NOVEMBER 8, 2011

REFERENCE VIDEO DATED NOVEMBER 8, 2011

The Board of Mayor and Aldermen of the City of Fayetteville, Lincoln County, Tennessee, met in open, public session at the regular meeting place of said Board in the Municipal Building of said City at 5:00 p.m. on November 8, 2011. Mayor John Ed Underwood, Jr., was present and presiding. The following named Aldermen were present:

Danny Bryant, Pat Fraley, Marty Pepper, Dorothy Small, Michael Stewart, and Thomas Young, Sr.

Also present were James S. Hereford, Jr., City Attorney, and James H. Lee, City Administrator.

The prayer was lead by Alderman Stewart and the pledge was lead by Alderman Fraley.

Approval of Minutes:

1. Motion was made by Danny Bryant, seconded by Michael Stewart, to approve the minutes of the October 2011 Meeting. Upon roll call, the following voted:

Aye

Danny Bryant, Thomas Young, Sr., Dorothy Small, Pat Fraley, Michael Stewart, and Marty Pepper

Nay

None

Mayor Underwood declared the Minutes approved.

2. Motion was made by Pat Fraley, seconded by Danny Bryant, to approve the minutes of the Special Called Meeting on October 21, 2011. Upon roll call, the following voted:

Aye

Thomas Young, Sr., Dorothy Small, Pat Fraley, Michael Stewart, Marty Pepper, and Danny Bryant

Nay

None

Mayor Underwood declared the Special Called Minutes approved.

Approval of Bills and Additional Bills:

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

Aye

Dorothy Small, Pat Fraley, Michael Stewart, Marty Pepper, Danny Bryant, and Thomas Young, Sr.

Nay
None

Mayor Underwood declared the bills and additional bills approved.

Reports:

Main Street:

Carol Foster, Main Street Director, discussed the "Host of Christmas Past" taking place November 11th – 13th, 2011. Ms. Foster explained that Main Street would have a roadblock to raise funds on November 19, 2011, and invited everyone to come out to support them.

Friends of the Library:

Emily Law, chairman of the Friends of the Library, discussed the various fundraisers that the Friends of the Library have carried out to raise funds to pay for the debt of the Library. Ms. Law asked the Board of Mayor and Alderman to reconsider helping to pay off the Library debt. Ms. Law requested to appear at the December's Work Session to explain the Library's needs.

Fayetteville City School Budget Amendment #1:

Motion was made by Danny Bryant, seconded by Michael Stewart, to approve the Fayetteville City School Budget Amendment # 1. Upon roll call, the following voted:

Aye

Pat Fraley, Michael Stewart, Marty Pepper, Danny Bryant, Thomas Young, Sr., and Dorothy Small

Nay

None

Mayor Underwood declared the motion approved.

FPU Report:

Britt Dye, CEO of Fayetteville Public Utilities, stated that water/waste water division is working with the Environmental Protection Agency (EPA) to develop an energy conservation plan for the waste water plant. Mr. Dye stated that the solar panels at the solar farm, south of town on Huntsville Highway, have been inspected and approved to begin functioning. The telecom department has signed up seventy-nine (79) new customers.

Fire Report:

Fire Chief Danny Travis reported that the Fire Department had 63 calls for service with 44 medical calls and 1 structure fire with a loss of Thirty Thousand, Eight Hundred Dollars (\$38,000.00). The Fire Department has also worked with 350 children on fire safety and hazards.

Police Report:

Police Chief Doug Carver reported that there were 151 incidents with 72 arrests, 45 crashes and 51 citations for a total of 2,045 events.

Public Works:

Eddie Plunkett, Public Works Director, was not present; therefore, no report was given.

Recreation Report:

Rickey Honey, Recreation Director, stated the Christmas Parade will be on Sunday, December 4, 2011, at 3:00 p.m. with the theme being "Christmas Dreams". Mr. Honey stated that the Recreation Board along with the City Administrator is working on ideas for the swimming pool.

Planning and Zoning Report:

Ryan Tyhuis, City Planner, reported that there were three (3) new additional notices of violation issued, with three (3) compliance, four (4) contacted or granted extensions, four (4) brought before court or issued summons, two (2) fined or issued court cost, two (2) dismissed and two lots mowed by the Public Works Department, and one (1) case administratively closed. For the month of October, there were a total of eight (8) building permits issued for approximately Sixty-Six Thousand Dollars (\$66,000.00) in work to be done, with the fees being Six Hundred One Dollars (\$601.00).

Administrator's Report:

Mr. Lee stated that he is working with FEMA (Federal Emergency Management Agency) looking at the flood plan and flood way. Mr. Lee discussed that he is talking with the Census Bureau on having a recount done and will be submitting various reports to them for this to take place. Mr. Lee explained that the trail balance for the end of Fiscal Year 2011 with the budget being 101%, only over 1%. Mr. Lee stated that the Auditors will be here in December and will report their findings soon thereafter.

Capital Bank Final Approval on Robert E. Lee Garden Estates:

Motion was made by Danny Bryant, seconded by Dorothy Small, to approve the final plans for Green Bank for Robert E. Lee Garden Estates, contingent on the completion of the fencing, as well as the mowing and erosion issues of the retention pond. Upon roll call, the following voted

Aye

Michael Stewart, Marty Pepper, Danny Bryant, Thomas Young, Sr., Dorothy Small, and Pat Fraley

Nay

None

Mayor Underwood declared the motion approved.

Resolution R-11-09:

Resolution R-11-09, a resolution entitled "Initial Resolution Authorizing The Issuance Of Not To Exceed Two Million Seven Hundred Fifty Thousand Dollars (\$2,750,000.00) General Obligation Refunding Bonds Of The City Of Fayetteville, Tennessee", was considered. Said Resolution is as follows:

RESOLUTION NUMBER R-11-09

INITIAL RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED
TWO MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$2,750,000)
GENERAL OBLIGATION REFUNDING BONDS OF THE CITY OF
FAYETTEVILLE, TENNESSEE

BE IT RESOLVED by the Board of Mayor and Aldermen of the City of Fayetteville, Tennessee (the "Municipality") that for the purpose of (i) refinancing, in whole, or in part, the Municipality's outstanding Broadband Telecommunications Network Revenue Bonds, Series 2000, dated April 1, 2000, maturing April 1, 2020 (the "Outstanding Bonds"), which were issued to construct a broadband network telecommunications system (the "Broadband Network") and were secured solely by the revenues of the Broadband Network; and (ii) payment of costs incident to the issuance and sale of such bonds, there shall be issued bonds of said Municipality in the aggregate principal amount of not to exceed \$2,750,000 which shall bear interest at a rate or rates not to exceed three and one-half percent (3.50%) per annum, and which shall be payable from revenues of the Broadband Network and, in the event of a deficiency, from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality.

BE IT FURTHER RESOLVED by the Board of Mayor and Aldermen of the City of Fayetteville, Tennessee that the City Clerk of the Municipality be, and is, hereby directed and instructed to cause the foregoing initial resolution relative to the issuance of not to exceed \$2,750,000 general obligation refunding bonds to be published in full in a newspaper having a general circulation in the Municipality, for one issue of said paper followed by the statutory notice, to-wit:

NOTICE

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

James H. Lee, City Clerk

Adopted and approved this 8th day of November, 2011.

/s/ John Ed Underwood
John Ed Underwood, Mayor

ATTEST:

/s/ James H. Lee
James H. Lee, City Clerk

STATE OF TENNESSEE)
COUNTY OF LINCOLN)

I, James H. Lee, , certify that I am the duly qualified and acting City Administrator/Clerk of the City of Fayetteville, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular called meeting of the governing body of the Municipality held on November 8, 2011; 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 \$2,750,000 General Obligation Refunding Bonds of said Municipality.

WITNESS my official signature and seal of said Municipality on this the 8th day of November, 2011.

(SEAL)

10185892.1



James H. Lee

City Clerk

Motion was made by Dorothy Small, seconded by Marty Pepper, to approve Resolution R-11-09. Upon roll call, the following voted:

Aye

Marty Pepper, Thomas Young, Sr., Dorothy Small, and Michael Stewart

Nay

Danny Bryant and Pat Fraley

Mayor Underwood declared the motion approved.

Resolution R-11-10:

Resolution R-11-10, a resolution entitled "A Resolution Authorizing The Issuance Of General Obligation Refunding Bonds In An Aggregate Principal Amount Not To Exceed Two Million, Seven Hundred Fifty Thousand Dollars (\$2,750,000.00) Of The City Of Fayetteville, Tennessee, Making Provision 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 Taxes For The Payment Of Principal Of, Premium, If Any, And Interest On The Bonds", was considered. Said Resolution is as follows:

RESOLUTION NO. R-11-10

A RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED TWO MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$2,750,000) OF THE CITY OF FAYETTEVILLE, TENNESSEE, TENNESSEE; MAKING PROVISION 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 TAXES FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS.

WHEREAS, pursuant to authority granted by Sections 9-21-101 et seq., Tennessee Code Annotated, the City of Fayetteville, Tennessee (the "Municipality") and pursuant to a resolution duly adopted by the Board of Mayor and Aldermen of the Municipality on March 29, 2000 (the "2000 Resolution") the Municipality has issued its Broadband Telecommunications Network Revenue Bonds, Series 2000, dated April 1, 2000 (the "Broadband Bonds"), maturing April 1, 2020 (the "Outstanding Bonds"), the proceeds of which were used to finance a portion of the construction and equipping of Phase 1 of the Municipality's complete cable television, video programming, video transmission, high-speed data and Internet access and other video transmission and distribution system (the "Broadband Network"), fund a debt service reserve fund, and pay a portion of the costs of issuance of the Outstanding Bonds; and

WHEREAS, the Outstanding Bonds are payable solely from and secured by the revenues of the Broadband Network remaining after payment of the reasonable and necessary expenses of maintaining and operating the Broadband Network; and

WHEREAS, the Outstanding Bonds, or a portion thereof, as shall be determined by the Mayor of the Municipality, in consultation with Morgan Keegan & Company, Inc., Knoxville, Tennessee (the "Municipality's financial advisor (the "Financial Advisor"), can now be refinanced to effect a cost savings to the public; and

WHEREAS, under the provisions of Section 9-21-101, et seq., Tennessee Code Annotated, as amended, municipalities in Tennessee are authorized to issue, by resolution, bonds to refund, redeem or make principal and interest payments on their previously issued bonds, notes or other obligations; and

WHEREAS, the City Council of the Municipality has heretofore determined that in order to provide the funds necessary to accomplish said refunding of the Outstanding Bonds, or a portion thereof, it is necessary to issue general obligation refunding bonds of the Municipality; and

WHEREAS, the plan of refunding for the Outstanding Bonds has been submitted to the State Director of Local Finance (the "State Director") as required by Section 9-21-903, Tennessee Code Annotated, as amended, and the State Director has acknowledged receipt thereof to the Municipality and submitted her report thereon to the Municipality, a copy of which is attached hereto as Exhibit B; and

WHEREAS, for the purpose of converting the security of the Outstanding Bonds from revenue only to unlimited ad valorem taxes to be levied on all taxable property located within the corporate limits of the City of Fayetteville, Tennessee, the Board of Mayor and Aldermen on the date hereof has adopted an initial resolution (the "Initial Resolution"); and

WHEREAS, the Initial Resolution, together with the notice required by Section 9-21-206, Tennessee Code Annotated, will be published as required by law; and

WHEREAS, it is the intention of the Board of Mayor and Aldermen to adopt this resolution for the purpose of authorizing not to exceed \$2,750,000 in aggregate principal amount of said bonds, 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, if necessary, for the payment of principal thereof, premium, if any, and interest thereon.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FAYETTEVILLE, TENNESSEE, AS FOLLOWS:

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

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

(a) "Bonds" means not to exceed \$2,750,000 General Obligation Refunding Bonds of the Municipality, to be dated the date of issuance, and have such series designation or such other designation and such other dated date as shall be determined by the Mayor pursuant to Section 8 hereof;

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

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

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

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

(f) "DTC Participant(s)" means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC System;

(g) "Escrow Agent" means the escrow appointed by the Mayor of the Municipality, or its successor as escrow agent under the Refunding Escrow Agreement;

(h) "Financial Advisor" means Morgan Keegan & Company, Inc., Knoxville, Tennessee;

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

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

(k) "Outstanding Bonds" means the meaning ascribed to it in the preambles hereto;

(l) "Refunded Bonds" means the Outstanding Bonds or portions thereof designated for refunding pursuant to Section 8 hereof;

(m) "Refunding Escrow Agreement" means the Refunding Escrow Agreement, dated as of the date of the Bonds, to be entered into by and between the Municipality and the Escrow Agent, in the form of the document attached hereto and incorporated herein by this reference as Exhibit A, subject to such changes therein as shall be permitted by Section 11 hereof; and

(s) "Registration Agent" means the registration and paying agent for the Bonds appointed by the Mayor of the Municipality, or any successor designated by the Governing Body.

SECTION 3. Findings of the Governing Body. It is hereby found and determined by the Governing Body as follows:

(a) The refunding of the Refunded Bonds as set forth herein through the issuance of the Bonds will result in the reduction in debt service payable by the Municipality over the term of the Refunded Bonds thereby effecting a present value savings to the public; and

(b) It is advantageous to the Municipality to deposit proceeds from the sale of the Bonds and other funds of the Municipality, if any, with the Escrow Agent pursuant to the Refunding Escrow Agreement which, together with investment income thereon, will be sufficient to pay principal of and interest on the Refunded Bonds when due or with the paying agent for the Refunded Bonds.

SECTION 4. Authorization and Terms of the Bonds.

(a) For the purpose of providing funds to refund the Refunded Bonds and to pay the costs incident to the issuance and sale of the Bonds, as more fully set forth in Section 9 hereof, there are hereby authorized to be issued general obligation refunding bonds of the Municipality in an amount not to exceed \$2,750,000. The Bonds shall be issued in fully registered, book-entry only form (except as otherwise provided herein), without coupons, shall be known as "General Obligation Refunding Bonds" and shall have such series designation or such other designation or such other dated date and as shall be determined by the Mayor pursuant to Section 8 hereof. The rate or rates on the Bonds shall not exceed three and one-half percent (3.50%) per annum. Subject to the adjustments permitted pursuant to Section 8 hereof, interest on the Bonds shall be payable semi-annually on April 1 and October 1 in each year, commencing April 1, 2012. The Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof, as shall be requested by the original purchaser thereof, and subject to the adjustments permitted pursuant to Section 8 hereof shall mature, either serially or through mandatory redemption, commencing on April 1, 2013 (or may be earlier if adjustments are made pursuant to Section 8 hereof) and continuing on the first day of April of each year thereafter through and including April 1, 2020, the final maturity date (subject to the adjustments permitted pursuant to Section 8 hereof) in such amounts as shall be established in an award certificate of the Municipality dated the date of the sale of the Bonds.

Subject to the adjustments permitted pursuant to Section 8 hereof, the Bonds shall mature without option of prior redemption. If adjustments are made to the redemption provisions permitted in Section 8 hereof, and if less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Governing Body in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

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

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

(b) Pursuant to Section 8 hereof, the Mayor is authorized to sell the Bonds, or any maturities thereof, as term bonds ("Term Bonds") with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by the Mayor. In the event any or all the Bonds are sold as Term Bonds, the Municipality shall redeem Term Bonds on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the maturity amounts established pursuant to Section 8 hereof 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 redeemed within a single maturity shall be selected in the manner described in subsection (b) above.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such mandatory redemption date, the Municipality may (i) deliver to the Registration Agent for cancellation Term 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 Term 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 Term 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 Municipality on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Term Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Municipality 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.

(c) Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the Municipality not less than twenty (20) 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 redemption of any of the Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Municipality nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the Municipality pursuant to written instructions from an authorized representative of the Municipality (other

than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) 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 for the payment thereof and if notice has been duly provided as set forth herein.

(d) The Mayor of the Municipality is authorized and directed to appoint the Registration Agent and the Registration Agent so appointed is hereby authorized and directed to maintain Bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance or upon transfer, 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 Municipality at least annually a certificate of destruction with respect to Bonds canceled and destroyed, and to furnish the Municipality at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds. The Mayor is hereby authorized to execute and the City Clerk is hereby authorized to attest such written agreement between the Municipality and the Registration Agent as they shall deem necessary and proper with respect to the obligations, duties and rights of the Registration Agent. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

(e) The Bonds shall be payable, both principal and interest, in lawful money of the United States of America at the main office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds by check or draft 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 depositing said payment in the United States mail, postage prepaid, addressed 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 Municipality in respect of such Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. In the event the Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

(f) Any interest on any Bond that is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the Municipality 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 Municipality 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 Municipality 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 Municipality of such Special Record Date and, in the name and at the expense of the Municipality, 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 Municipality to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Bonds when due.

(g) 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 the Bond 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 publication of notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the Municipality 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 Municipality 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. The Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in any authorized denomination or denominations.

(h) The Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the Municipality with the manual or facsimile signature of the Mayor and with the official seal, or a facsimile thereof, of the Municipality impressed or imprinted thereon and attested by the manual or facsimile signature of the City Clerk.

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

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to

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

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

In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the Municipality determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, the Municipality shall discontinue the Book-Entry System with DTC. If the Municipality fails to identify another qualified securities depository to replace DTC, the Municipality shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. If the purchaser of the Bonds does not intend to reoffer the Bonds to the public, then the Mayor and the purchaser may agree that the Bonds be issued in the form of fully registered certificated Bonds and not utilize the Book-Entry System.

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

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

however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.

(k) The Registration Agent is hereby authorized to authenticate and deliver the Bonds to the original purchaser, upon receipt by the Municipality of the proceeds of the sale thereof and 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 officer thereof on the certificate set forth herein on the Bond form.

(l) In case any Bond shall become mutilated, or be lost, stolen, or destroyed, the Municipality, in its discretion, shall issue, and the Registration Agent, upon written direction from the Municipality, shall authenticate and deliver, a new 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 Municipality may pay or authorize payment of such Bond without surrender thereof. In every case the applicant shall furnish evidence satisfactory to the Municipality and the Registration Agent of the destruction, theft or loss of such Bond, and indemnity satisfactory to the Municipality and the Registration Agent; and the Municipality may charge the applicant for the issue of such new Bond an amount sufficient to reimburse the Municipality for the expense incurred by it in the issue thereof.

SECTION 5. Source of Payment. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the Municipality are hereby irrevocably pledged. The Bonds shall be additionally payable from, although not secured by, the revenues of the Broadband Network as described in the preambles hereto.

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 LINCOLN
CITY OF FAYETTEVILLE
[GENERAL OBLIGATION REFUNDING BOND,
SERIES ____]

Interest Rate:

Maturity Date:

Date of Bond:

CUSIP No.:

Registered Owner: CEDE & CO.

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS: That the City of Fayetteville, Tennessee (the "Municipality"), 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 upon earlier redemption as set forth herein)], and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date [or redemption date], said interest being payable on [April 1, 2012], and semi-annually thereafter on the first day of [April] and [October] 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 by check or draft at the principal corporate trust office of _____, _____, _____, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond on each interest payment date directly 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 Municipality 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 [and premium, if any,] on this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution, pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the Municipality and the Registration Agent shall treat Cede & Co., as the only owner of the Bonds for all purposes under the Resolution, including receipt of all principal of, premium, if any, and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal, interest, [and redemption premium, if any,] with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the Municipality nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the Municipality determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect its interests or the interests of the Beneficial Owners of the Bonds, the Municipality may discontinue the book-entry system with DTC. If the Municipality fails to identify another qualified securities depository to replace DTC, the Municipality shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. Neither the Municipality nor the Registration Agent shall have any responsibility or obligations to any DTC Participant or any Beneficial Owner with respect to (i) the Bonds; (ii) the

accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners, (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

[Bonds of the issue of which this Bond is one shall mature without option of prior redemption.]

[Bonds of the issue of which this Bond is one maturing on or before _____ 1, 202__ shall mature without option of prior redemption. Bonds of the issue of which this Bond is one maturing _____ 1, 202__ and thereafter are subject to redemption, at the option of the Municipality, in whole or in part, on _____ 1, 202__ and on any date thereafter, at a redemption price of par plus accrued interest to the date of redemption.]

(i) If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Governing Body in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

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

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

[Subject to the credit hereinafter provided, the Municipality shall redeem Bonds maturing _____ and _____ on the redemption dates set forth below opposite the respective maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds to be so redeemed within such maturity shall be selected by lot or in such other random manner as the Registration Agent in its discretion may determine. The dates of redemption and principal amount of the Bonds to be redeemed on said dates are as follows:

<u>Maturity Date</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds to be Redeemed</u>
_____	_____	\$ _____
_____	_____ *	_____
_____	_____	_____
_____	_____	\$ _____
_____	_____ *	_____
_____	_____	_____

*final maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the Municipality may (i) deliver to the Registration Agent for cancellation Bonds maturing _____ and _____, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation for any Bonds maturing _____ and _____, which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory redemption 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 Municipality 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 redemption shall be accordingly reduced.]

[Notice of call for redemption[, whether optional or mandatory,] shall be given by the Registration Agent on behalf of the Municipality not less than twenty (20) 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 redemption of any of the Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Municipality nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the Municipality pursuant to written instructions from an authorized representative of the Municipality (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) 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 for the payment thereof and if notice has been duly provided as set forth herein.]

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 Municipality 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 Municipality to call such Bond for redemption].

This Bond is one of a total authorized issue aggregating \$_____ and issued by the Municipality for the purpose of providing funds to refund the Municipality's outstanding Broadband Telecommunications Network Revenue Bonds, Series 2000, dated April 1, 2002, maturing April 1, 2020, and to pay all or a portion of the cost of issuance of the Bonds of which Bond is one under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101, et seq., Tennessee Code Annotated, and pursuant to a resolution duly adopted by the Board of Mayor and Aldermen of the Municipality on the eighth day of November, 2011 (the "Resolution").

This Bond is payable primarily from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality. This Bond is additionally payable from, although not secured by, the revenues of the Municipality's broadband network telecommunications system. For the prompt payment of principal of, [premium, if any,] and interest on this Bond, the full faith and credit of the Municipality are irrevocably pledged.

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

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

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

CITY OF FAYETTEVILLE

BY: _____
Mayor

(SEAL)

ATTESTED:

City Clerk

Transferable and payable at the
principal corporate trust office of:

_____, _____

Date of Registration: _____

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

Registration Agent

By: _____
Authorized Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto _____, whose address is _____ (Please insert Federal Identification or Social Security Number of Assignee _____), the within Bond of the City of Fayetteville, 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. Levy of Tax. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the Municipality, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the corporate limits of the Municipality, in addition to all other taxes authorized by law, sufficient to pay principal of, premium, if any, and interest on the 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, premium, if any, and interest coming due on the Bonds in said year. Principal, premium, if any, and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the Municipality and reimbursement therefor shall be made out of the taxes hereby provided to be levied when the same shall have been collected. The tax herein provided may be reduced to the extent of direct appropriations from the general funds of the Municipality to the payment of debt service on the Bonds or to the extent of direct appropriations of revenues from the Broadband Network (as described in the preambles hereto) to the payment of debt service on the Bonds.

SECTION 8. Sale of Bonds. (a) The Bonds shall be offered for public sale as required by law at a price of not less than ninety-nine percent (99%) of par exclusive of original issue discount nor more than 105% of par, and accrued interest, as a whole or in part, from time to time, as shall be determined by the Mayor in consultation with the Financial Advisor. The Bonds shall be sold at public sale by physical delivery of bids or by electronic bidding by means of an Internet bidding service as shall be determined by the Mayor in consultation with the Financial Advisor. The Mayor is authorized to award the Bonds to the bidder whose bid results in the lowest true interest cost to the Municipality, provided the rate or rates on none of the Bonds exceeds three and one-half percent (3.50%) per annum. The award of the Bonds by the Mayor to the lowest bidder shall be binding on the Municipality, and no further action of the Governing Body with respect thereto shall be required.

(b) The Mayor, upon consultation with the Financial Advisor, is further authorized with respect to each emission of Bonds to:

(1) to adjust the dated date of the Bonds or any emission thereof, to a date other than the date of issuance;

(2) to designate the Bonds to a designation other than "General Obligation Refunding Bonds", to designate the series of the Bonds;

(3) in order to facilitate the sale of the Bonds in a manner that is in the best interest of the Municipality and results in the greatest cost savings for the Municipality, to cause to be sold less than the principal amount authorized herein and to refund all or any portion of the Outstanding Bonds;

(4) to adjust the principal and interest payment dates and maturity amounts of the Bonds or any emission thereof, provided (i) the total principal amount of all emissions of the Bonds does not exceed the total amount of Bonds authorized herein, (ii) the first maturity date of the Bonds or any emission thereof does not exceed two (2) years from the dated date of such emission of the Bonds; and (iii) the final maturity date of Bonds that refund the Refunded Bonds does not occur more than one year after the final maturity of such Refunded Bonds;

(5) to adjust the Municipality's optional redemption provisions of the Bonds or any emission thereof, provided the redemption premium, if any, shall not exceed two percent (2%) of the par amount of the Bonds called for redemption or to designate the Bonds or any portion thereof as non-callable Bonds;

(6) 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 Mayor, in consultation with the Financial Advisor, as he shall deem most advantageous to the Municipality; and

(7) 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 achieve the purposes set forth herein and to enter into an agreement with such bond insurance company with respect to such bond insurance on terms not inconsistent with the provisions of this resolution.

(c) The Mayor and the City Clerk, or either of them, are authorized to cause the Bonds to be authenticated and delivered by the Registration Agent to the successful bidder 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.

(d) The Mayor and the City Clerk, or either of them, are authorized to enter into an agreement with the Registration Agent for providing paying agent services. Pursuant to rules and regulations of the Municipal Securities Rulemaking Board (the "MSRB") and the financial advisory agreement between the Financial Advisor and the Municipality, the Financial Advisor and any of its affiliates and subsidiaries is hereby authorized to submit a bid for the Bonds, or any emission thereof, either alone or as a member of an account bidding for the Bonds, or any emission thereof.

(e) The Mayor is authorized to sell the Bonds, or any series thereof, simultaneously with any other bonds or notes authorized by resolution or resolutions of the Governing Body. The Mayor is further authorized to sell the Bonds, or any series thereof, as a single issue of bonds with any other bonds with substantially similar terms authorized by resolution or resolutions of the Governing Body, in one or more series as he shall deem to be advantageous to the Municipality and in doing so, the Mayor is authorized to change the designation of the Bonds to a designation other than "General Obligation Refunding Bonds"; provided, however, that the total aggregate principal amount of combined bonds to be sold does not exceed the total aggregate principal amount of Bonds authorized by this resolution or bonds authorized by any other resolution or resolutions adopted by the Governing Body.

(f) The Mayor and the City Clerk, or any of them, are authorized to enter into a contract with the Financial Advisor, for financial advisory services including in connection with the sale of the Bonds and to enter into an engagement with Bass, Berry & Sims PLC to serve as bond counsel in connection with issuance of the Bonds.

(g) None of the Bonds shall be issued until the publication of the Initial Resolution, together with the notice required by Section 9-21-206, Tennessee Code Annotated, has been published as required by law and no legally sufficient petition protesting the issuance of the Bonds has been filed with the City Clerk.

SECTION 9. Disposition of Bond Proceeds. The proceeds of the sale of the Bonds shall be applied by the Municipality as follows:

(a) an amount, which together with investment earnings thereon and amounts on deposit in the Broadband Network's debt service reserve fund, will be sufficient to pay principal of and interest on the Refunded Bonds shall be transferred to the Escrow Agent under the Refunding Escrow Agreement to be deposited to the Escrow Fund established thereunder to be held and applied as provided therein; and

(b) 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, bond insurance premium, if any, 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 10. Official Statement. The Mayor and the City Clerk or either of them, working with the Financial Advisor, are hereby authorized and directed to provide for the preparation and distribution, which may include electronic distribution, of a Preliminary Official Statement describing the Bonds. After bids have been received and the Bonds have been awarded, the Mayor and the City 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 Mayor and the City Clerk, or either of them, shall arrange for the delivery to the successful bidder on the Bonds 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 on the Bonds, 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 initially sell the Bonds.

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

If the Bonds are sold to a purchaser that does not intend to reoffer the Bonds to the public as evidenced by a certificate executed by the purchaser, then an Official Statement is authorized, but not required, as shall be determined by the Mayor and the City Clerk, or either of them.

SECTION 11. Refunding Escrow Agreement. For the purpose of providing for the payment of the principal of and interest on the Refunded Bonds, the Mayor is hereby authorized and directed to execute and the City Clerk to attest on behalf of the Municipality the Refunding Escrow Agreement with the Escrow Agent and to deposit with the Escrow Agent the amounts to be used by the Escrow Agent to purchase Government Securities as provided therein unless funds to refund the Refunded Bonds are deposited with the paying agent for the Refunded Bonds; provided, however, that the yield on such investments shall be determined in such manner that none of the Bonds will be an "arbitrage bond" within the meaning of Section 148 (a) of the Code. The form of the Refunding Escrow Agreement presented to this meeting and attached hereto as Exhibit A is hereby in all respects approved and the Mayor and the City Clerk are hereby authorized and directed to execute and deliver same on behalf of the Municipality in substantially the form thereof presented to this meeting, or with such changes as may be approved by the Mayor and the City Clerk, their execution thereof to constitute conclusive evidence of their approval of all such changes, including modifications to the Refunding Escrow Agreement. The Escrow Agent is hereby authorized and directed to hold and administer all funds deposited in trust for the payment when

due of principal of and interest on the Refunded Bonds and to exercise such duties as set forth in the Refunding Escrow Agreement.

SECTION 12. Notice of Refunding and Notice of Redemption; Prepayment of April 1, 2012 Broadband Bonds. The Mayor and the City Clerk, or either of them, are hereby authorized and directed to take all steps necessary to redeem the Refunded Bonds at their earliest possible redemption date, including the giving of and publication of any redemption notice as required by the resolution authorizing the issuance of the Refunded Bonds. Such notice shall be in substantially the form provided in Exhibit C of the Refunding Escrow Agreement. The Mayor and the City Clerk, or either of them, are hereby authorized and directed to take all steps necessary in giving any notices of refunding of the Refunded Bonds, if and as required by law. Simultaneous with the issuance of the Bonds, the Municipality shall cause the April 1, 2012 maturity of the Broadband Bonds to be prepaid from Broadband Network funds.

SECTION 13. Federal Tax Matters. The Municipality 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 is excludable from gross income for purposes of federal income taxation under laws in force on the date of delivery of the Bonds. In this connection, the Municipality agrees that it shall take no action which may cause the interest on any of said Bonds to be included in gross income for federal income taxation. It is the reasonable expectation of the Governing Body of the Municipality that the proceeds of the 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 from becoming taxable. The Mayor and the City 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 Municipality.

SECTION 14. Discharge and Satisfaction of Bonds. If the Municipality 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 financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers ("an Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, 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 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 Municipality shall also pay or cause to be paid all other sums payable hereunder by the Municipality with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Agent to pay amounts when and as required to the Registration Agent

for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the Municipality to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

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

Except as otherwise provided in this Section, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Municipality as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Municipality, as received by the Registration Agent. For the purposes of this Section, Defeasance 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 15. Continuing Disclosure. The Municipality hereby covenants and agrees that it will provide annual financial information and material event notices if and as required by Rule 15c2-12 of the Securities Exchange Commission for the Bonds. The Mayor 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 Municipality 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 Municipality to comply with their undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

SECTION 16. Resolution a Contract. The provisions of this resolution shall constitute a contract between the Municipality 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 17. Qualified Tax-Exempt Obligations. The Governing Body hereby designates the Bonds as "qualified tax-exempt obligations," within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended, if and to the extent the Bonds may be so designated and to the extent not "deemed designated".

SECTION 18. 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 19. Repeal of Conflicting Resolutions. 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.

SECTION 20. Effective Date. That this resolution shall take effect from and after its passage, the general welfare of the City of Fayetteville, Tennessee, requiring it.

Adopted and approved this 8th day of November, 2011.

By: John Ed Underwood
MAYOR

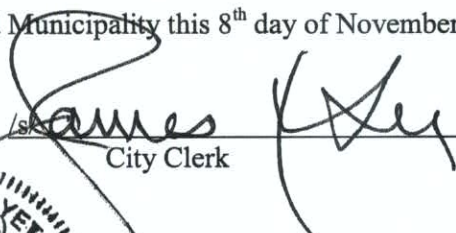
ATTEST:

/s/ James H. Lee
CITY CLERK

STATE OF TENNESSEE)
)
COUNTY OF LINCOLN)

I, James H. Lee, certify that I am the duly qualified and acting City Administrator/Clerk of the City of Fayetteville, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the governing body of the Municipality held on November 8, 2011; 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 \$2,750,000 General Obligation Refunding Bonds, Series 2011.

WITNESS my official signature and seal of said Municipality this 8th day of November, 2011.



City Clerk




EXHIBIT A

REFUNDING ESCROW AGREEMENT

This Refunding Escrow Agreement is made and entered into as of the ____ day of _____, 2011 by and between the City of Fayetteville, Tennessee (the "Municipality"), and _____, _____ (the "Agent").

WITNESSETH:

WHEREAS, the Municipality has previously authorized and issued its outstanding Broadband Telecommunications Network Revenue Bonds, Series 2000, dated April 1, 2000, maturing April 1, 2020 (the "Outstanding Bonds");

WHEREAS, the Municipality has determined to provide for payment of the debt service requirements of the Outstanding Bonds by depositing in escrow with the Agent funds that, with the investment income therefrom, will be sufficient to pay the principal of and interest on the Outstanding Bonds as set forth on Exhibit A hereto; and

WHEREAS, in order to obtain the funds needed to refund the Outstanding Bonds, the Municipality has authorized and issued its General Obligation Refunding Bonds, Series 2011, dated _____, 2011 (the "Refunding Bonds"); and

WHEREAS, a portion of the proceeds derived from the sale of the Refunding Bonds, along with other available funds of the Municipality, will be deposited in escrow with the Agent hereunder, and applied to the purchase of certain securities described herein, the principal amount thereof together with interest thereon to mature at such times and in such amounts as shall be sufficient to pay when due all of the principal of and interest and premium on the Outstanding Bonds as set forth on Exhibit A; and

WHEREAS, in order to create the escrow hereinabove described, provide for the deposit of said Refunding Bond proceeds and the application thereof, and to provide for the payment of the Outstanding Bonds, the parties hereto do hereby enter into this Agreement.

NOW, THEREFORE, the Municipality, in consideration of the foregoing and the mutual covenants herein set forth and in order to secure the payment of the Outstanding Bonds according to their tenor and effect, does by these presents hereby grant, warrant, demise, release, convey, assign, transfer, alien, pledge, set over and confirm, to the Agent, and to its successors hereunder, and to it and its assigns forever, in escrow, all and singular the property hereinafter described to wit:

DIVISION I

All right, title and interest of the Municipality in and to \$_____, consisting of \$_____ derived from the proceeds of the sale of the Refunding Bonds and \$_____ of other legally available funds of the Municipality.

DIVISION II

All right, title and interest of the Municipality in and to the Government Securities purchased with the funds described in Division I hereof and more particularly described in Exhibit B, attached hereto, and to all income, earnings and increment derived from or accruing to the Government Securities.

DIVISION III

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred in escrow hereunder by the Municipality or by anyone in its behalf to the Agent, which is hereby authorized to receive the same at any time to be held in escrow hereunder.

DIVISION IV

All property that is by the express provisions of this Agreement required to be subject to the pledge hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subject to the pledge hereof, by the Municipality or by anyone in its behalf, and the Agent is hereby authorized to receive the same at any time to be held in escrow hereunder.

TO HAVE AND TO HOLD, all and singular, the escrowed property, including all additional property which by the terms hereof has or may become subject to this Agreement, unto the Agent, and its successors and assigns, forever.

The escrowed property shall be held in escrow for the benefit and security of the owners from time to time of the Outstanding Bonds; but if the principal of and interest on the Outstanding Bonds shall be fully and promptly paid when due in accordance with the terms hereof, then this Agreement shall be and become void and of no further force and effect, otherwise the same shall remain in full force and effect, subject to the covenants and conditions hereinafter set forth.

ARTICLE I

DEFINITIONS AND CONSTRUCTION

Section 1.1. Definitions. In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended:

"Agent" means _____, _____, _____, and its successors and assigns;

"Agreement" means this Refunding Escrow Agreement, dated as of the date of the Refunding Bonds, between the Municipality and the Agent;

"Bond Resolution" means the resolution adopted by the Mayor and Aldermen of the Municipality on November 8, 2011 authorizing the Refunding Bonds;

"Code" means the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated thereunder;

"Municipality" means the City of Fayetteville, Tennessee;

"Escrow Fund" shall have the meaning ascribed to it in Section 2(a) hereof;

"Escrow Property", "escrow property" or "escrowed property" means the property, rights and interest of the Municipality that are described in Divisions I through IV of this Agreement and hereinabove conveyed in escrow to the Agent;

"Government Securities" means obligations and securities described in Section 9-21-914, Tennessee Code Annotated;

"Outstanding Bonds" shall have the meaning ascribed to it in the above preambles;

"Refunding Bonds" means the Municipality's General Obligation Refunding Bonds, Series 2011, dated _____, 2011; and

"Written Request" shall mean a request in writing signed by the Mayor and the City Clerk or either of them.

Section 1.2. Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word "person" shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

ARTICLE II

ESTABLISHMENT AND ADMINISTRATION OF FUNDS

Section 2.1. Creation of Escrow; Deposit of Funds. The Municipality hereby creates and establishes with the Agent a special and irrevocable escrow composed of the Escrowed Property and hereby deposits with the Agent and the Agent hereby acknowledges receipt of \$_____ as described in Division I hereof. The monies so deposited, together with investment income therefrom, is herein referred to as the "Escrow Fund" and shall constitute a fund to be held by the Agent as a part of the Escrowed Property created, established, and governed by this Agreement.

Section 2.2. Investment of Funds. The monies described in Section 2.1 hereof shall be held or invested as follows:

(a) the amount of \$_____ shall be used to purchase the Government Securities described on Exhibit B attached hereto; and

(b) the amount of \$_____ shall be held as cash in a non-interest-bearing account.

Except as provided in Sections 2.4 and 2.6 hereof, the investment income from the Government Securities in the Escrow Fund shall be credited to the Escrow Fund and shall not be reinvested. The Agent shall have no power or duty to invest any monies held hereunder or to make substitutions of Government Securities held hereunder or to sell, transfer, or otherwise dispose of the Government Securities acquired hereunder except as provided herein.

Section 2.3. Disposition of Escrow Funds. The Agent shall without further authorization or direction from the Municipality collect the principal and interest on the Government Securities promptly as the same shall fall due. From the Escrow Fund, to the extent that monies therein are sufficient for such purpose, the Agent shall make timely payments to the proper paying agent, or its successor, for the Outstanding Bonds of monies sufficient for the payment of the principal of and interest on the Outstanding Bonds as the same shall become due and payable. Amounts and dates of principal and interest payments and redemption dates and the name and address of the paying agent with respect to the

Outstanding Bonds are set forth on Exhibit A. Payment on the dates to the respective paying agent in accordance with Exhibit A shall constitute full performance by the Agent of its duties hereunder with respect to each respective payment. The Municipality represents and warrants that the Escrow Fund, if held, invested and disposed of by the Agent in accordance with the provisions of this Agreement, will be sufficient to make the foregoing payments. No paying agent fees, fees and expenses of the Agent, or any other costs and expenses associated with the Refunding Bonds or the Outstanding Bonds shall be paid from the Escrow Fund, and the Municipality agrees to pay all such fees, expenses, and costs from its legally available funds as such payments become due. When the Agent has made all required payments of principal and interest on the Outstanding Bonds to the respective paying agent as hereinabove provided, the Agent shall transfer any monies or Government Securities then held hereunder to the Municipality and this Agreement shall terminate.

Section 2.4. Excess Funds. Except as provided in Section 2.4 hereof, amounts held by the Agent, representing interest on the Government Securities in excess of the amount necessary to make the corresponding payment of principal, interest and/or premium on the Outstanding Bonds, shall be held by the Agent without interest and shall be applied before any other Escrow Fund monies to the payment of the next ensuing principal, interest and/or premium payment on the Outstanding Bonds. Upon retirement of all the Outstanding Bonds, the Agent shall pay any excess amounts remaining in the Escrow Fund to the Municipality.

Section 2.5. Reports. The Escrow Agent shall deliver to the City Clerk of the Municipality on or before the first day of August of each year a monthly report summarizing all transactions relating to the Escrow Fund and shall deliver to the City Clerk a report current as of December 31 of that year, which shall summarize all transactions relating to the Escrow Fund effected during that year and which also shall set forth all assets in the Escrow Fund as of December 31 and set forth opening and closing balances thereof for that year.

Section 2.6. Investment of Moneys Remaining in Escrow Fund. The Agent may invest and reinvest any monies remaining from time to time in the Escrow Fund until such time as they are needed. Such monies shall be invested in Government Securities, maturing no later than the next interest payment date of the Outstanding Bonds, or for such periods or at such interest rates as the Agent shall be directed by Written Request, provided, however, that the Municipality shall furnish the Agent, as a condition precedent to such investment, with an opinion from nationally recognized bond counsel stating that such reinvestment of such monies will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Refunding Bonds or the Outstanding Bonds not to be excluded from gross income for Federal income tax purposes and that such investment is not inconsistent with the statutes and regulations applicable to the Refunding Bonds or the Outstanding Bonds. Any interest income resulting from reinvestment of monies pursuant to this Section 2.6 shall be applied first to the payment of principal of and interest and premium on the Outstanding Bonds to the extent the Escrow is or will be insufficient to retire the Outstanding Bonds as set forth on Exhibit A and any excess shall be paid to the Municipality to be applied to the payment of the Refunding Bonds or the expenses of issuance thereof.

Section 2.7. Irrevocable Escrow Created. The deposit of monies, Government Securities, matured principal amounts thereof, and investment proceeds therefrom in the Escrow Fund shall constitute an irrevocable deposit of said monies and Government Securities for the benefit of the holders of the Outstanding Bonds, except as provided herein with respect to amendments permitted under Section 4.1 hereof. All the funds and accounts created and established pursuant to this Agreement shall be and constitute escrow funds for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of the Municipality and the Agent and used only for the purposes and in the manner provided in this Agreement.

Section 2.8. The Agent shall give notice of a _____, 201__ redemption as stated on Exhibit C to the holders of the Outstanding Bonds in accordance with the resolution authorizing the Outstanding Bonds.

ARTICLE III

CONCERNING THE AGENT

Section 3.1. Appointment of Agent. The Municipality hereby appoints the Agent as escrow agent under this Agreement.

Section 3.2. Acceptance by Agent. By execution of this Agreement, the Agent accepts the duties and obligations as Agent hereunder. The Agent further represents that it has all requisite power, and has taken all corporate actions necessary to execute the escrow hereby created.

Section 3.3. Liability of Agent. The Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the Municipality or any paying agent of its obligations, or to protect any of the Municipality's rights under any bond proceedings or any of the Municipality's other contracts with or franchises or privileges from any state, county, municipality or other governmental agency or with any person. The Agent shall not be liable for any act done or step taken or omitted to be taken by it, or for any mistake of fact or law, or anything which it may do or refrain from doing, except for its own gross negligence or willful misconduct in the performance or nonperformance of any obligation imposed upon it hereunder. The Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein or in the Outstanding Bonds or in the Refunding Bonds or in any proceedings taken in connection therewith, but they are made solely by the Municipality. The Agent shall have no lien whatsoever upon any of the monies or investments in the Escrow Fund for the payment of fees and expenses for services rendered by the Agent under this Agreement.

The Agent shall not be liable for the accuracy of the calculations as to the sufficiency of Escrow Fund monies and Government Securities and the earnings thereon to pay the Outstanding Bonds. So long as the Agent applies any monies, the Government Securities and the interest earnings therefrom to pay the Outstanding Bonds as provided herein, and complies fully with the terms of this Agreement, the Agent shall not be liable for any deficiencies in the amounts necessary to pay the Outstanding Bonds caused by such calculations. The Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Agreement and in full compliance with the provisions hereof.

In the event of the Agent's failure to account for any of the Government Securities or monies received by it, said Government Securities or monies shall be and remain the property of the Municipality in escrow for the benefit of the holders of the Outstanding Bonds, as herein provided, and if for any improper reason such Government Securities or monies are applied to purposes not provided for herein or misappropriated by the Agent, the assets of the Agent shall be impressed with a trust for the amount thereof until the required application of such funds shall be made or such funds shall be restored to the Escrow Fund.

Section 3.4. Permitted Acts. The Agent and its affiliates may become the owner of or may deal in the Refunding Bonds or Outstanding Bonds as fully and with the same rights as if it were not the Agent.

Section 3.5. Exculpation of Funds of Agent. Except as set forth in Section 3.3, none of the provisions contained in this Agreement shall require the Agent to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided.

Section 3.6. Payment of Deficiency by County. A report of Morgan Keegan & Company, Nashville, Tennessee, as financial advisor to the Municipality (the "Financial Advisor"), dated _____, 2011 has been delivered to the Municipality, stating that the funds deposited to the Escrow Fund in the amount set forth in Section 2.01 and the receipts from the investment of such funds pursuant to Exhibit B hereof will be sufficient to pay to redemption on _____, 201_ the principal of and interest on the Outstanding Bonds. In the event the calculations as to the sufficiency of the Escrow Fund monies and Government Securities and the earnings thereon are inaccurate, then the Municipality agrees that it will promptly and without delay remit or cause to be remitted to the Agent within ten (10) days after receipt of the Agent's written request, such additional sum or sums of money as may be necessary in excess thereof to assure the payment when due of the principal of, premium, if any, and interest on the Outstanding Obligations. The Municipality shall not be liable for failure of performance of the Agent or the Government Securities.

Section 3.7. No Redemption or Acceleration of Maturity. The Agent will not pay any of the principal of or interest on the Outstanding Bonds, except as provided in Exhibit A attached hereto and will not redeem or accelerate the maturity of any of the Outstanding Bonds except as provided in Section 2.8 hereof.

Section 3.8. Qualifications of Agent. There shall at all times be an Agent hereunder that shall be a corporation or banking association organized and doing business under the laws of the United States or any state, authorized under the laws of its incorporation to exercise the powers herein granted, having a combined capital, surplus, and undivided profits of at least \$75,000,000 and subject to supervision or examination by federal or state authority. If such corporation or association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this paragraph the combined capital, surplus, and undivided profits of such corporation or association shall be deemed to be its combined capital, surplus, and undivided profits as set forth in its most recent report of condition as published. In case at any time the Agent shall cease to be eligible in accordance with the provisions of this section, the Agent shall resign immediately in the manner and with the effect specified herein.

Section 3.9. Resignation of Agent. The Agent may at any time resign by giving direct written notice to the Municipality and by giving the holders of the Outstanding Bonds notice by first-class mail of such resignation. Upon receiving such notice of resignation, the Municipality shall promptly appoint a successor escrow agent by resolution of its governing body. If no successor escrow agent shall have been appointed and have accepted appointment within thirty (30) days after the publication of such notice of resignation, the resigning Agent may petition any court of competent jurisdiction located in Lincoln County, Tennessee, for the appointment of a successor, or any holder of the Outstanding Bonds may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor meeting the qualifications set forth in Section 3.8. The Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

Section 3.10. Removal of Agent. In case at any time the Agent shall cease to be eligible in accordance with the provisions of Section 3.8 hereof and shall fail to resign after written request therefor by the Municipality or by any holder of the Outstanding Bonds, or the Agent shall become incapable of

acting or shall be adjudged a bankrupt or insolvent or a receiver of the Agent or any of its property shall be appointed, or any public officer shall take charge or control of the Agent or its property or affairs for the purpose of rehabilitation, conservation, or liquidation, then in any such case, the Municipality may remove the Agent and appoint a successor by resolution of its governing body or any such bondholder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction situated in the Municipality for the removal of the Agent and the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, remove the Agent and appoint a successor who shall meet the qualifications set forth in Section 3.11. Unless incapable of serving, the Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

The holders of a majority in aggregate principal amount of all the Outstanding Bonds at any time outstanding may at any time remove the Agent and appoint a successor by an instrument or concurrent instruments in writing signed by such bondholders and presented, together with the successor's acceptance of appointment, to the Municipality and the Agent.

Any resignation or removal of the Agent and appointment of a successor pursuant to any of the provisions of this Agreement shall become effective upon acceptance of appointment by the successor as provided in Section 3.11 hereof.

Section 3.11. Acceptance by Successor. Any successor escrow agent appointed as provided in this Agreement shall execute, acknowledge and deliver to the Municipality and to its predecessor an instrument accepting such appointment hereunder and agreeing to be bound by the terms hereof, and thereupon the resignation or removal of the predecessor shall become effective and such successor, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Agent herein; but, nevertheless, on Written Request of the Municipality or the request of the successor, the predecessor shall execute and deliver an instrument transferring to such successor all rights, powers and escrow property of the predecessor. Upon request of any such successor, the Municipality shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor all such rights, powers and duties. No successor shall accept appointment as provided herein unless at the time of such acceptance such successor shall be eligible under the provisions of Section 3.8 hereof.

Any corporation into which the Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Agent shall be a party, or any corporation succeeding to the business of the Agent, shall be the successor of the Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor shall be eligible under the provisions of Section 3.8 hereof.

Section 3.12. Payment to Agent. The Municipality agrees to pay the Agent, as reasonable and proper compensation under this Agreement a one-time fee of \$ _____. The Agent shall be entitled to reimbursement of all advances, counsel fees and expenses, and other costs made or incurred by the Agent in connection with its services and/or its capacity as Agent or resulting therefrom. In addition, the Municipality agrees to pay to the Agent all out-of-pocket expenses and costs of the Agent incurred by the Agent in the performance of its duties hereunder, including all publication, mailing and other expenses associated with the redemption of the Outstanding Bonds; provided, however, that to the extent permitted by applicable law, the Municipality agrees to indemnify the Agent and hold it harmless against any liability which it may incur while acting in good faith in its capacity as Agent under this Agreement, including, but not limited to, any court costs and attorneys' fees, and such indemnification shall be paid from available funds of the Municipality and shall not give rise to any claim against the Escrow Fund. In

addition, the Agent shall indemnify the Municipality and hold it harmless against any liability which it may incur resulting from any failures by the Agent to perform its duties hereunder.

ARTICLE IV

MISCELLANEOUS

Section 4.1. Amendments to this Agreement. This Agreement is made for the benefit of the Municipality, the holders from time to time for the Outstanding Bonds, and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Agent and the Municipality; provided, however, that the Municipality and the Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Agent for the benefit of the holders of the Outstanding Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Outstanding Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Notwithstanding the foregoing or any other provision of this Agreement, upon Written Request and upon compliance with the conditions hereinafter stated, the Agent shall have the power to and shall, in simultaneous transactions, sell, transfer, otherwise dispose of or request the redemption of the Government Securities held hereunder and to substitute therefor direct obligations of, or obligations the principal of and interest on which are fully guaranteed by the United States of America, subject to the condition that such monies or securities held by the Agent shall be sufficient to pay principal of, premium, if any, and interest on the Outstanding Bonds. The Municipality hereby covenants and agrees that it will not request the Agent to exercise any of the powers described in the preceding sentence in any manner which will cause the Refunding Bonds to be arbitrage bonds within the meaning of Section 148 of the Code in effect on the date of such request and applicable to obligations issued on the issue date of the Refunding Bonds. The Agent shall purchase such substituted securities with the proceeds derived from the maturity, sale, transfer, disposition or redemption of the Government Securities held hereunder or from other monies available. The transactions may be effected only if there shall have been submitted to the Agent: (1) an independent verification by a nationally recognized independent certified public accounting firm concerning the adequacy of such substituted securities with respect to principal and the interest thereon and any other monies or securities held for such purpose to pay when due the principal of, premium, if any, and interest on the Outstanding Bonds in the manner required by the proceedings which authorized their issuance; and (2) an opinion from nationally recognized bond counsel to the effect that the disposition and substitution or purchase of such securities will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Refunding Bonds not to be exempt from Federal income taxation. Any surplus monies resulting from the sale, transfer, other disposition or redemption of the Government

Securities held hereunder and the substitutions therefor of direct obligations of, or obligations the principal of and interest on which is fully guaranteed by, the United States of America, shall be released from the Escrow Fund and shall be transferred to the Municipality.

Section 4.2. Severability. If any provision of this Agreement shall be held or deemed to be invalid or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatsoever.

Section 4.3. Governing Law. This Agreement shall be governed and construed in accordance with the law of the State of Tennessee.

Section 4.4. Notices. Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by Registered or Certified Mail, postage prepaid, or sent by telegram as follows:

To the Municipality:

City of Fayetteville
Attn: Mayor
110 Elk Avenue South
Fayetteville, Tennessee 37334

To the Agent:

_____, _____

The Municipality and the Agent may designate in writing any further or different addresses to which subsequent notices, requests, communications or other papers shall be sent.

Section 4.5. Agreement Binding. All the covenants, promises and agreements in this Agreement contained by or on behalf of the parties shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 4.6. Termination. This Agreement shall terminate when all transfers and payments required to be made by the Agent under the provisions hereof shall have been made.

Section 4.7. Execution by Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

(signature page follows)

IN WITNESS WHEREOF, the Municipality has caused this Agreement to be signed in its name by its Mayor and attested by its City Clerk and the official seal of the Municipality to be impressed hereon, and the Agent has caused this Agreement to be signed in its corporate name by its duly authorized officers, all as of the day and date first above written.

CITY OF FAYETTEVILLE, TENNESSEE

By: _____
John Ed Underwood, Mayor

(SEAL)

James H. Lee, City Clerk

as Escrow Agent

By: _____
Title: _____

EXHIBIT A

Debt Service Schedule of Broadband Telecommunications Network Revenue Bonds, Series 2000, dated April 1, 2000, maturing April 1, 2020, to the Redemption Date, With Name and Phone Number of the Paying Agent and Date and Amount of Redemption

<u>Payment Date</u>	<u>Principal Payable</u>	<u>Principal Redeemed</u>	<u>Interest Payable</u>	<u>Redemption Premium</u>	<u>Total Debt Service</u>
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TOTAL

Paying Agent: Regions Bank
Nashville, Tennessee

EXHIBIT B

Government Securities
Certificate of Indebtedness
U.S. State and Local Government Series

Amount

Interest Rate

Maturity Date

Issue Date

Total Cost of Securities:

Initial Cash Deposit:

EXHIBIT C

NOTICE OF REDEMPTION

CITY OF FAYETTEVILLE, TENNESSEE

NOTICE IS HEREBY GIVEN that the City of Fayetteville, Tennessee (the "Municipality"), has elected to and does exercise its option to call and redeem on _____, 201__, all of the Municipality's outstanding bonds (the "Outstanding Bonds") as follows:

**Broadband Telecommunications Network Revenue Bonds, Series 2000
Dated April 1, 2000**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Cusip No.</u>
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The owners of the above-described Outstanding Bonds are hereby notified to present the same to the offices of Regions Bank, Nashville, Tennessee, where redemption shall be made at the redemption price of par, plus interest accrued to the redemption date.

The redemption price will become due and payable on _____, 201__, upon each such Bond herein called for redemption and such Bond shall not bear interest beyond _____, 201__.

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

REGIONS BANK,
Registration and Paying Agent

EXHIBIT B

REPORT OF PLAN OF REFUNDING OF DIRECTOR OF STATE AND LOCAL FINANCE

10187259.1

Motion was made by Dorothy Small, seconded by Michael Stewart, to approve Resolution R-11-10. Upon roll call, the following voted:

Aye

Thomas Young, Sr., Dorothy Small, Michael Stewart, and Marty Pepper

Nay

Danny Bryant and Pat Fraley

Mayor Underwood declared the motion approved.

Purchase of Property:

The purchase of the property died due to the lack of a motion.

Change the Number of Packaged Liquor Stores Allowed to Operate in the City:

Motion was made by Pat Fraley, seconded by Dorothy Small, to repeal by Ordinance Title 8, Chapter 2, Section 8-111. Upon roll call, the following voted:

Aye

Thomas Young, Sr., Dorothy Small, Pat Fraley, Michael Stewart, Marty Pepper, and Danny Bryant

Nay

None

Mayor Underwood declared the motion approved.

Signalization of the Intersections:

Motion was made by Dorothy Small, seconded by Michael Stewart, to approve, not to exceed Eighty Thousand Dollars (\$80,000.00), the funding of the signalization of the City's traffic lights. Upon roll call, the following voted:

Aye

Dorothy Small, Pat Fraley, Michael Stewart, Marty Pepper, Danny Bryant, and Thomas Young, Sr.

Nay

None

Mayor Underwood declared the motion approved.

Motion was made, seconded, and unanimously adopted to adjourn.

Mayor

Clerk