

REGULAR MEETING
BOARD OF MAYOR AND ALDERMEN
APRIL 12, 2016

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 April 12, 2016. Mayor Jon Law was present and presiding. The following named Aldermen were present:

Danny Bryant, Violet Harry, Gwen Shelton, Dorothy Small and Michael Whisenant

The following Aldermen were absent:

Anna Catherine Cowley

Also, present were Scott Collins, City Administrator and Johnny D. Hill, Jr., City Attorney.

The prayer was led by Danny Bryant, and the pledge was led by Michael Whisenant.

Adoption of Agenda:

The agenda for April 12, 2016, was approved as received.

Approval of Minutes:

The minutes of March 8, 2016, Public Hearing, were read and approved as written and accepted as distributed.

The minutes of March 8, 2016, Regular Meeting Minutes, were read and approved as written and accepted as distributed.

Reports:

Fayetteville Public Utilities:

Britt Dye, Fayetteville Public Utilities' CEO/General Manager, reported that FPU is continuing work on the Highway 50 job. A new transformer has been installed at Blanche and has increased capacity toward the Ardmore area and expanded gas, as well and picking up customers almost daily. FPU is taking applications for natural gas in the Flintville area of the county. FPU is above the eighteen thousand (18,000) mark as far as electric and hopes to keep growing. Tree trimming is continuing. Telecom is expanding. FPU's water plant is being commissioned, with plans to be working off the new membranes at the end of this month.

Fire Report:

Fire Chief Danny Travis reported that the Fire Department had seventy (70) calls for service, forty-eight (48) medical calls and the volunteers logged one hundred twenty-three (123) hours. The new fire engine has been ordered and should be in service in ten to eleven (10-11) months.

Police Report:

Police Chief Richard Howell reported that there were sixty-six (66) arrests, forty-eight (48) traffic accidents, and fifty-nine (59) citations, for a total police activity of one thousand eight hundred ninety-three (1,893) events.

Recreation Report:

Ricky Honey, Recreation Director, reported that youth baseball and softball seasons will open up early May and teams are practicing now. The Department working on the swimming pool and will have it ready to open in late May. Spring soccer program has been running smoothly and will end the first of May. More soccer will be coming again in the fall. City Middle and High School baseball, softball and soccer season has gone smoothly this year at the Don Davidson Complex, and the seasons will be ending soon, aside from tournaments. The first soccer game will be played on the new field at Don Davidson Park tomorrow. The high school fast pitch softball Border Battle Tournament will be next Thursday, Friday and Saturday, and there will be a lot of people in town for that.

Public Works:

Eddie Plunkett, Public Works Director, reported that for the month of March there were two hundred fifty-six (256) tons of brush and two hundred fifty-one (251) tons of trash picked up. The Public Works Department is taking applications for employment at the Municipal Building.

Planning and Codes Report:

Jeff Siefert, Building Inspector, reported for the month of March there were twenty (20) building permits issued. Fees were six thousand eight hundred forty-eight dollars (\$6,848.00), with a total project value of one million seventy-three thousand eight hundred thirty-six dollars (\$1,073,836.00). Siefert issued a reminder that the new sign ordinance is being implemented. If anyone has any questions, please call the Planning and Codes Office for information.

Administrator’s Report:

Scott Collins, City Administrator, reported that one of the biggest issues the City is presently facing is storm water drainage. The City Administrator is working with public works and the planning department and will be seeking assistance from the Tennessee Department of Conservation to address these issues. Progress is being made in the development of Camp Blount. The City received the \$50,000 grant from the Tennessee Historical Committee for that project. Next Wednesday, Mudpuppy and Waterdog will be in town to begin laying out the master plan. The Local Parks and Recreation Fund Grant is in its final stages. The police building is in its final stages. A lot of touch-up work is being done inside the building, and it should be completed by April 21. The personnel policy has been worked on and will hopefully be presented by the May meeting. Customer service training is being scheduled. Lastly, two great events are coming up, the first being the kickball tournament that supports the Police Foundation that will be on May 7. Also, the Slawburger Festival is this weekend. A lot of hard work has been put in to make this a great Second Annual Event.

Harmening Property Purchase – Allocate an additional \$1,000 to settle pending condemnation action:

Motion was made by Danny Bryant, seconded by Violet Harry, to allocate an additional \$1,000.00 to settle pending legal action on the Harmening property easement purchase. Upon roll call, the following voted:

Aye:

Danny Bryant, Dorothy Small, Violet Harry, Michael Whisenant, Gwen Shelton

Nay:

None

Mayor Law declared the motion approved.

Resolution No. R-16-03:

Resolution No. R-16-03, a resolution entitled, “A Resolution to recognize Nicholas Hopkins on the occasion of his completion of his basketball career at Fayetteville High School,” was considered. Said resolution is as follows:

**RESOLUTION NO. R-16-03
CITY OF FAYETTEVILLE, TENNESSEE**

A RESOLUTION to recognize Nicholas Hopkins on the occasion of his completion of his basketball career at Fayetteville High School.

WHEREAS, it is appropriate that the members of this Board of Mayor and Alderman should honor those citizens who have performed with uncommon commitment and have achieved exceptional success in their areas of focus; and

WHEREAS, Nicholas Hopkins an outstanding individual and basketball player at Fayetteville High School, is one such estimable person who is the only person from Fayetteville, and Lincoln County to ever receive the recognition of TSSAA Mr. Basketball for Tennessee; and

WHEREAS, Nicholas Hopkins has had a magnificent basketball career, having scored 2,850 career points, with a career average of 21.3 points per game and a senior season average of 33.3 points per game. He has recorded 408 assists, 310 steals, and 611 rebounds; and

WHEREAS, Nick Hopkins was a five year high school starter including his eighth grade year, and was All District four years running, District MVP two years consecutively, and named to the Tennessean All-Mid State Team, and chosen to compete in the Tennessee East West All Star Game all while maintaining a 3.6 grade point average; and

WHEREAS, Nick Hopkins was named TSSAA Mr. Basketball 1-A in the year 2016, and became the first Fayetteville High School athlete to sign with a Division I college by signing with Belmont University;

WHEREAS, Nick Hopkins exemplifies the spirit, character, dedication, and commitment to excellence for which we should all strive for, the Fayetteville Mayor and Board of Alderman are pleased to recognize him at this time; now, therefore,


BE IT RESOLVED BY THE FAYETTEVILLE MAYOR AND BOARD OF ALDERMAN, that we extend to Nick Hopkins our heartfelt wishes for his continuing success academically and athletically.

READ AND ADOPTED this the 12th day of April, 2016.



Jon Law, Mayor

ATTEST:



Scott Collins, City Administrator

Motion was made by Gwen Shelton, seconded by Michael Whisenant, to approve Resolution No. R-16-03. Upon roll call, the following voted:

Aye:

Dorothy Small, Violet Harry, Michael Whisenant, Gwen Shelton and Danny Bryant

Nay:

None

Mayor Law declared the motion approved.

Resolution No. R-16-04:

Resolution No. R-16-04, a resolution entitled, "A Resolution to authorize the issuance of not to exceed \$10,000,000.00 in aggregate principle amount of electric system revenue refunding bonds," was considered. Said resolution is as follows:

RESOLUTION NO. R-16-04
CITY OF FAYETTEVILLE, TENNESSEE

A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$10,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF ELECTRIC SYSTEM REVENUE REFUNDING BONDS, SERIES 2016 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; PROVIDING FOR THE COLLECTION AND DISPOSITION OF REVENUES FROM THE ELECTRIC SYSTEM OF THE CITY OF FAYETTEVILLE, TENNESSEE; AND MAKING PROVISION FOR THE OPERATION OF SAID SYSTEM.

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

WHEREAS, the Municipality owns and operates a municipal electrical power distribution system (the "System") through the Board of Public Utilities (the "Utilities Board") of the Municipality;

WHEREAS, the Board of Mayor and Aldermen (the "Governing Body") of the Municipality has determined that it is the best interest of the Municipality to issue electric system revenue bonds and use the proceeds to refinance all or portion of the Municipality's outstanding Electric System Revenue Bonds, Series 2007 (the "Series 2007 Bonds") for the purpose of achieving debt service savings;

WHEREAS, said bonds will not be general obligations of the Municipality and bondholders will have no recourse to the Municipality's power of taxation, but instead, said bonds will be payable from and secured solely by the revenues of the System;

WHEREAS, said electric system revenue bonds may be issued on a parity of lien with any remaining outstanding Electric System Revenue Bonds, Series 2007 (the "Unrefunded 2007 Bonds") and the Municipality's outstanding Electric System Revenue Refunding Bonds, Series 2009 (the "Series 2009 Bonds") under a resolution of the Board of Mayor and Aldermen of the Municipality adopted May 13, 2003, as heretofore supplemented and amended to authorize the issuance of the Series 2007 Bonds and the Series 2009 Bonds (the "Master Resolution"); and

WHEREAS, it is the intention of the Board of Mayor and Aldermen of the Municipality to adopt this resolution for the purpose of authorizing the issuance of said electric system revenue bonds in an aggregate principal amount not to exceed \$10,000,000 to refinance all or a portion of the Series 2007 Bonds, establishing the terms of said bonds, providing for the issuance, sale and payment of the bonds, and the disposition of the proceeds therefrom, and the collection of revenues from the System and the application thereof to the payment of principal of, premium, if any, and interest on the bonds;

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

Section L Definitions. All capitalized terms used herein but not defined in this Section 1 or in the foregoing recitals shall have the meanings ascribed to them in the Master Resolution (as defined in the preamble). The following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise:

- (a) "Bonds" shall mean the electric system revenue bonds authorized to be issued by this Resolution.
- (b) "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 which at the time of the purchase thereof are permitted investments under Tennessee law for the purposes described in Section 11, 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.
- (c) "Depository" shall mean 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.
- (d) "DTC" shall mean the Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns.
- (e) "DTC Participant(s)" shall mean securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC System.
- (f) "Financial Advisor" shall mean Cumberland Securities Company, Inc.
- (g) "Master Resolution" shall mean have the meaning ascribed in the preamble.
- (h) "Refunded Bonds" means the Series 2007 Bonds selected for refunding pursuant to the terms hereof.
- (i) "Refunding Escrow Agent" shall mean Regions Bank, Nashville, Tennessee.
- (j) "Refunding Escrow Agreement" shall mean the refunding escrow agreement providing
for the application of the proceeds of the Bonds to the payment of the Refunded Bonds,
in the form attached hereto as Exhibit B.
- (k) "Registration Agent" shall mean Regions Bank, Nashville, Tennessee.

Section 2. Authority; Findings. The bonds authorized by this resolution are issued pursuant to Sections 7-34-101 et seq. and 9-21-101 et seq., Tennessee Code Annotated, as amended, other applicable provisions of law, the Master Resolution and this resolution. It is hereby found and determined by the Governing Body that the refinancing of the Series 2007 Bonds as set forth herein through the issuance of the Bonds will result in the reduction in debt service payable by the Issuer over the term of the Series 2007 Bonds thereby effecting a cost savings to the public.

Section 1., Authorization and Terms of the Bonds. For the purpose of providing funds to refund all or a portion of the Series 2007 Bonds and pay bond issuance costs, all as more fully set out in Section 10 hereof, there are hereby authorized to be issued revenue bonds of the Municipality in the aggregate principal amount of not to exceed \$10,000,000. Such bonds shall be issued in fully registered form, without coupons, shall be known as "Electric System Revenue Refunding Bonds, Series 2016" and shall be dated their issue date, or such other date as shall be determined by the Mayor pursuant to Section 9 hereof. The Bonds shall bear interest at an aggregate true interest rate not to exceed 5.00% per annum, payable semi-annually on June 1 and December 1 in each year, commencing December 1, 2016. The Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof, as shall be requested by the Underwriter. The Bonds shall mature on each June 1, commencing no earlier than June 1, 2017 and ending no later than June 1, 2028, in such amounts as shall be established by the Mayor of the Municipality, taking into account the financing objectives of the System. The Bonds may be issued and sold in one or more series, each within the parameters set forth above, subject to adjustments as described in Section 9 hereof.

Subject to adjustment as described in Section 9, the Bonds maturing on or before June 1, 2024 shall not be subject to optional redemption. The Bonds maturing on or after June 1, 2025 shall be subject to redemption at the option of the Municipality, upon direction of the Utilities Board, at any time on or after June 1, 2024, in whole or part, at price of par plus interest accrued to the redemption date. If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the Bonds 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 a 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.

Pursuant to Section 9 hereof, the Mayor is authorized to sell the Bonds, or any maturities thereof, as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by the Mayor. In the event any or all the Bonds are sold as term bonds, the Municipality shall redeem such term bonds on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the maturity amounts set forth herein for each redemption date, as such maturity amounts may be adjusted pursuant to Section 9 hereof, at a price of par plus accrued interest thereon to the date of redemption. The term bonds to be so redeemed shall be selected by lot or in such other random manner as the Registration Agent in its discretion may designate.

At its option, to be exercised on or before the 45th day next preceding any such mandatory redemption date, the Municipality may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Series 2016 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 sinking fund provision shall be accordingly reduced. The Municipality shall on or before the 45th day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

Notice of call for redemption shall be given by the Registration Agent on behalf of the Municipality not less than 20 nor more than 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. 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. 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 given at least 45 days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all 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.

The Municipality hereby authorizes and directs the Registration Agent to maintain bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance, upon transfer, or as otherwise directed by the Municipality, 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 any such written agreement between the Municipality and the Registration Agent as they shall deem necessary or proper with respect to the Registration Agent's obligations with respect to the Bonds. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

The Bonds shall be payable, principal and interest, in lawful money of the United States of America at the office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds on each interest payment date directly to the registered owners as shown on the bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owners at their addresses shown on said bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Municipality in respect of such Bonds to the extent of the payments so made. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a 360 day year composed of twelve months of 30 days each. If requested by any registered owner (including DTC) 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.

Any interest on any Bond which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid 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 days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than 15 nor less than ten days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the Municipality of such Special Record Date and, in the name and at the expense of the Municipality, not less than ten days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the 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.

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 last page 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, required by the Registration Agent, the Registration Agent shall issue a new Bond or Bonds to the assignee(s) in \$5,000 denominations or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after 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. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Bonds of the same maturity in any authorized denomination or denominations.

The Bonds shall be 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 attested by the manual or facsimile signature of the City Clerk.

Notwithstanding anything contained herein to the contrary, 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 SERIES 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 Municipality (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, in accordance with the rules of DTC, 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 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.

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.

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.

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

In case any Bond shall become mutilated, or be lost, stolen, or destroyed, the Municipality, in its discretion, shall issue, and the Registration Agent, upon written direction from the Municipality, shall authenticate and deliver, a new Series 2007 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 4. Source of Payment. The principal of and interest on the Bonds shall be payable solely from and be secured by a pledge of the Net Revenues to be derived from the operation of the System as provided in the Master Resolution, on a parity and

equality of lien with any Unrefunded 2007 Bonds, the Series 2009 Bonds and any bonds hereafter issued on a parity therewith. The punctual payment of principal of and premium, if any, and interest on the Bonds, any Unrefunded 2007 Bonds, the Series 2009 Bonds and any bonds hereafter issued on a parity therewith shall be secured equally and ratably by said Net Revenues without priority by reason of series, number or time of sale or delivery. The owners of the Bonds shall have no recourse to the power of taxation of the Municipality or any other funds or monies thereof, other than the Net Revenues of the System.

REGISTERE REGISTERED \$ _--
D Number

UNITED STATES OF AMERICA STATE OF TENNESSEE COUNTY OF LINCOLN
CITY OF FAYETTEVILLE ELECTRIC SYSTEM REVENUE REFUNDING BOND,
SERIES 2016

Section 5. 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 Bond)

Interest Rate: Maturity Date: Date of Bond: CUSIPNo.:

Registered Owner:

Principal Amount: _____ DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the City of Fayetteville, Tennessee, a municipal corporation lawfully organized and existing in Lincoln County, Tennessee (the "Municipality"), for value received hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth, and to pay interest on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date, said interest being payable on December 1, 2016, and semi-annually thereafter on the first day of June and December 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 corporate trust office of Regions Bank, Nashville, Tennessee, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond by check or draft 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 depositing said payment in the United States mail, postage prepaid, addressed to such owner at such owner's address shown on said bond registration records (unless the registered owner is DTC, as defined herein, in which case payment shall be in accordance with the policies of DTC), 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 on the Bonds shall be made upon presentation and surrender of this Bond to the Registration Agent.

Notwithstanding anything herein or in the Resolution (as hereinafter defined) to the contrary, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution (as hereafter defined), pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the 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 and maturity amounts of, premium, if any, and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal, maturity amounts, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the 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.

The Bonds of the issue of which this Bond is one shall be subject to redemption prior to maturity at the option of the

Municipality on or after June 1, 2024, as a whole or in part at any time at the redemption price of par plus interest accrued to the redemption date. If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Municipality, in its discretion. If less than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

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

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

***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 to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the 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 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.

Notice of call for redemption, whether mandatory or optional, shall be given by the Registration Agent not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any such defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. 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 will not affect the validity of such redemption. From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth in the Bond Resolution, as hereafter defined. .

If this Bond is no longer registered in the name of Cede & Co. as nominee for DTC, this Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the 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 (i) refinance the Municipality's outstanding Electric System Revenue Bonds, Series 2007 maturing , under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 7-34-101 et-. and 9-21-101 et ~., Tennessee Code Annotated, and pursuant to a resolution duly adopted by the Board of Mayor and Aldermen of the Municipality (the "Board of Mayor and Aldermen") on April 12, 2016 (the "Resolution").

This Bond, and interest hereon, are payable solely from and secured by a pledge of the income and revenues to be derived

from the operation of the System, subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing, and insuring the System on a complete parity and equality of lien with the Municipality's remaining outstanding Electric System Revenue Bonds, Series 2007 (the "Unrefunded 2007 Bonds") and its outstanding Electric System Revenue Refunding Bonds, Series 2009 (the "Series 2009 Bonds"). As provided in the Resolution, the punctual payment of principal of and interest on the series of Bonds of which this Bond is one, the Unrefunded 2007 Bonds, the Series 2009 Bonds, and any other bonds issued on a parity therewith pursuant to the terms of the Resolution, shall be secured equally and ratably by said revenues without priority by reason of series, number or time of sale or delivery. The owner of this Bond shall have no recourse to the power of taxation of the Municipality. The Municipality has covenanted and does hereby covenant that it will fix and impose such rates and charges for the services rendered by the System and will collect and account for sufficient revenues to pay promptly the principal of and interest on this Bond and the issue of which it is a part, as each payment becomes due. For a more complete statement of the general covenants and provisions pursuant to which this Bond is issued, reference is hereby made to the Resolution.

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

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

IN WITNESS WHEREOF, the Municipality has caused this Bond to be signed by its Mayor and attested by its City Clerk, all as of the date hereinabove set forth.

CITY OF FAYETTEVILLE, TENNESSEE

By: _____ Mayor

(SEAL)

ATTESTED:

City Clerk

Transferable and Payable at: Regions Bank Nashville, Tennessee

Date of Registration: _____

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

REGIONS BANK, Registration Agent

By: _____ Its: _____

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto whose address is _____, 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 enlargement or alteration, or any change whatsoever.

Signature guaranteed:

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

Section 6. Equality of Lien; Pledge of Net Revenues. The punctual payment of principal of, premium, if any, and

interest on the Bonds, the Series 2009 Bonds and any Parity Bonds hereafter issued shall be secured equally and ratably by the Net Revenues without priority by reason of number or time of sale or execution or delivery and, subject to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring the System, the Net Revenues are hereby irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due.

Section 7. Applicability of the Resolution.

(a) This resolution is supplementary to and amends the Master Resolution to provide for the issuance of the Bonds on parity with the Unrefunded 2007 Bonds and the Series 2009 Bonds. The provisions of Section 2 (Definitions), Section 7 (Application of Revenues), Section 8 (Prohibition of Prior Lien; Parity Bonds), Section 9 (Charges for Services Supplied by the System), Section 10 (Covenants Regarding the Operation of the System), Section 11 (Remedies of Bond Owners), Section 13 (Modification of Resolution), and Section 21 (Resolution a Contract) of the Master Resolution are hereby ratified and confirmed and incorporated herein by reference and, for so long as any of the Bonds shall be outstanding and unpaid either as to principal or as to interest, or until the discharge and satisfaction of the Bonds as provided herein, the provisions shall be applicable to the Bonds and shall inure to the benefit of owners of the Bonds as if set out in full herein.

Section 8. Application of Revenues. From and after the delivery of the Bonds hereunder, and as long as any of the Bonds shall be outstanding and unpaid either as to principal or as to interest, or until the discharge and satisfaction of all the Bonds as provided in the Master Resolution, the entire income and revenues of the System shall be deposited in the appropriate fund created by the Master Resolution and shall be used in all respects as provided therein; provided that the amount of revenues required to be deposited to the Bond Fund shall be increased with respect to the Bonds, if and as necessary, so that equal monthly deposits to the Bond Fund will be sufficient to provide for the first payments of principal of and interest on the Bonds.

Section 9. Sale of Bonds.

(a) The Bonds shall be offered for public sale, as required by law, in one or more series, at a price of not less than 98% of par, plus accrued interest, as a whole or in part from time to time as shall be determined by the Mayor in consultation with the General Manager/CEO of the System and the Financial Advisor.

(b) To facilitate the sale of the Bonds in a manner that is in the best interest of the Municipality, the Mayor is authorized to cause to be sold an aggregate principal amount of the Bonds less than that authorized herein; to refund less than all of the Series 2007 Bonds and to select the Series 2007 Bonds to be refunded; to sell the Bonds in one or more series; to adjust the redemption provisions for the Bonds, provided the redemption premium on any of the Bonds to be redeemed does not exceed two percent of the par amount to be redeemed; sell any or all of the Bonds as term bonds with annual mandatory redemption requirements; change the dated date of the Bonds to a date other than the issue date; change the designation of the Bonds; and adjust principal and interest payment dates of the Bonds; provided that the final maturity date for each series of Bonds shall not be later than June 1, 2028.

(c) The Mayor is authorized to award the Bonds, or any series thereof, in each case to the bidder whose bid results in the lowest true interest cost to the Municipality, provided the rate or rates on the Bonds does not exceed the maximum rate permitted by applicable Tennessee law at the time of the issuance of the Bonds or any series thereof. The award of the Bonds by the Mayor to the lowest bidder shall be binding on the Municipality, and no further action of the Board with respect thereto shall be required. If permitted in the notice of sale for the Bonds, or any series thereof: (i) the successful bidder may request that the Bonds, or any such series thereof, be issued in the form of fully registered certificated Bonds in the name of the successful bidder or as directed by the successful bidder, in lieu of registration using the Book-Entry System, and (ii) the successful bidder may assign its right to purchase the Bonds, or any series thereof, to a third party provided, however, that upon such assignment, the successful bidder shall remain obligated to perform all obligations relating to the purchase of the Bonds as the successful bidder, including the delivery of a good faith deposit, the execution of required documents and the payment of the purchase price, if such successful bidder's assignee does not perform any of such obligations.

(d) 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 Underwriter 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.

Section 10. Disposition of Bond Proceeds. The proceeds of the sale of each series of the Bonds shall be used and applied as follows:

(a) an amount, together with other funds of the System as identified by the Mayor and the General Manager/CEO of the System, sufficient to refund the Refunded Bonds shall be deposited with the Escrow Agent and held pursuant to the Escrow Agreement; and

(b) the remainder of the proceeds of the Bonds shall be disbursed solely to pay the costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance and reserve fund surety bond premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds.

Section 11. Discharge and Satisfaction of Bonds. If the Municipality shall pay and discharge the indebtedness evidenced by all or any portion of the Bonds in any one or more of the following ways:

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

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

(c) By delivering such Bonds to the Registration Agent, for cancellation by it; and if the 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 Escrow Agent to pay amounts when and as required to the Registration Agent for

the payment of principal of and interest and redemption premiums, if any, on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the 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.

Section .II.: Official Statement. The Mayor of the Municipality is hereby authorized and directed to provide for the preparation and distribution of Preliminary Official Statement describing each series of the Bonds and the Municipality. The Mayor of the Municipality 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 of the Municipality shall arrange for the delivery to the Underwriter of a reasonable number of copies of the Official Statement within seven business days after the Bonds have been sold for delivery by the Underwriter to each potential investor requesting a copy of the Official Statement.

The Mayor of the Municipality is 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.

Section 11. Continuing Disclosure. The Municipality hereby covenants and agrees that it will provide financial information and material event notices if and as required by Rule 15c2-12 of the Securities Exchange Commission for the Bonds. The Mayor of the Municipality is authorized to execute at the closing of the sale of each series 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 specifying the Municipality's obligation to provide such disclosure. 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 its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section II 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 exempt from 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 that may render the interest on any of said Bonds subject to 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, including any lawful regulations promulgated or proposed thereunder, 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 is authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as they shall deem appropriate, and such certifications shall constitute a representation and certification of the Municipality.

Section 15. Refunding Authorization.

(a) For the purpose of providing for the payment of the principal of, premium, if any, 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. The form of the Refunding Escrow Agreement presented to this meeting and attached hereto as Exhibit B 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 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, premium, if any, and interest on the Refunded Bonds and to exercise such duties as set forth in the Refunding Escrow Agreement.

(b) The Mayor and the City Clerk, or either of them, are hereby authorized and directed to take all steps necessary to cause the Refunded Bonds to be refunded and redeemed.

Section III 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.12 Qualified Tax-Exempt Obligations. The Governing Body hereby designates each series of the Bonds as "qualified tax-exempt obligations," as defined in Section 265(b) of the Code, to the extent they may be so designated.

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

Adopted and approved this 12th day of April, 2016.

/s/ Jon Law Mayor

ATTEST:

/s/ G. Scott Collins acting City Clerk

CERTIFICATE

I, G. Scott Collins, hereby certify that I am the duly qualified and acting City Clerk of the City of Fayetteville, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the governing body of the Municipality held on April 12, 2016; 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 \$10,000,000 electric system revenue refunding bonds of said Municipality.

WITNESS my official signature and seal of said Municipality this 12th day of April, 2016.

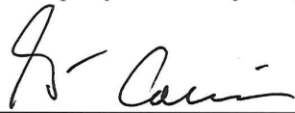
/s/ 
G. Scott Collins, City Clerk



EXHIBIT A

Refunding Report of Director of State and Local Finance 19

STATE OF TENNESSEE COMPTROLLER OF THE TREASURY OFFICE OF STATE & LOCAL FINANCE SUITE 1600 JAMES K. POLK BUILDING NASHVILLE,
TENNESSEE 37243-1402 PHONE (615) 401-7872 FAX (615) 741-5986

March 15, 2016

Honorable Board of Mayor and Aldermen City of Fayetteville 110 Elk Avenue South Fayetteville, TN 37334

Dear Mayor Law and Aldermen:

This letter, report, and plan of refunding (the "Plan"), are to be posted on the City of Fayetteville's (the "City") website. Please make these documents available to the public and provide a copy of this report to each board member at the next meeting of the board.

This letter acknowledges receipt on March 9, 2016, of the City of Fayetteville Public Utilities' ("FPU") request to review the Plan for the issuance of a maximum of \$10,000,000 Electric System Revenue Refunding Bonds, Series 2016 ("Refunding Bonds"). The Refunding Bonds will advance refund approximately \$9,950,000 Electric System Revenue Bonds, Series 2007 (the "Refunded Bonds").

Pursuant to the provisions of Tennessee Code Annotated Title 9 Chapter 21, a plan must be submitted to our Office for review. The information presented in the Plan includes the assertions of the City and may not reflect either current market conditions or market conditions at the time of sale.

BALLOON INDEBTEDNESS

The City determined the structure of the Refunding Bonds presented in the refunding plan is balloon indebtedness. The City submitted a separate request for approval of a plan of balloon indebtedness in conjunction with its request for the review of a refunding plan. Approval of the Director of the Office of State and Local Finance is required prior to the City adopting the resolution authorizing the issuance of balloon indebtedness.

The City's plan of balloon indebtedness was approved in a separate letter dated March 15, 2016.

FINANCIAL PROFESSIONALS

The City has reported Cumberland Securities Company, Inc., as its financial advisor. Financial advisors have a fiduciary responsibility to the City. Underwriters have no fiduciary responsibility to the City. They represent the interests of their firm and are not required to act in the City's best interest without regard to their own or other interests. The Plan was prepared by the City with the assistance of its financial advisor.

Electric System Revenue Refunding Letter to City of Fayetteville Page 2

FINANCIAL INFORMATION FOR THE YEAR ENDING JUNE 30, 2015

For the fiscal year ending June 30, 2015, FPU's electric system reported operating income of \$3,575,185 and posted a positive change in net position of \$2,387,616. The system also posted a positive change in net position for fiscal year 2014 in the amount of \$3,010,980. Debt service payments for fiscal year 2015 were \$1,737,668, consisting of principal payments of \$1,025,000 and interest payments of \$712,668.

CITY'S PROPOSED REFUNDING OBJECTIVE

The City indicated its purpose for the refunding is for net present value savings.

COMPLIANCE WITH THE CITY'S DEBT MANAGEMENT POLICY

The City provided a copy of its debt management policy, and within forty-five (45) days of issuance of the Refunding Bonds, is required to submit a Report on Debt Obligation that indicates that this debt complies with its debt policy. If the City amends its policy, please submit the amended policy to this office.

REPORT OF THE REVIEW OF A PLAN OF REFUNDING

This letter, report, and the Plan are to be posted on the City's website, if there is one. The same report is to be provided to each member of the City Commission and reviewed at the public meeting following receipt of this letter.

The enclosed report does not constitute approval or disapproval for the proposed plan or a determination that a refunding is advantageous or necessary nor that any of the outstanding obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity. This letter and the enclosed report do not address the compliance with federal tax regulations and are not to be relied upon for that purpose. The City should discuss these issues with a bond counsel.

This report is effective for a period of one hundred and twenty (120) days. If the refunding has not been completed during this time, a supplemental plan of refunding must be submitted to this Office. At that time we will issue a report thereon pursuant to the statutes. In lieu of submitting a supplemental plan, a statement may be submitted to our Office after the 20-day period has elapsed stating that the information contained in the current plan of refunding remains valid. Such statement must be submitted by either the Chief Executive Officer or the Chief Financial Officer of the local government. We will acknowledge receipt of such statement and will issue our letter confirming that this refunding report remains valid for an additional 20-day period. However, with regard to the report currently being issued by this Office, during the initial 20-day period or any subsequent 20-day period no refunding reports will be issued relating to the debt obligations indicated herein as being refunded unless the Chief Executive Officer or the Chief Financial Officer notifies our Office that the plan of refunding which has been submitted is no longer valid.

We recognize that the information provided in the plan submitted to our Office is based on preliminary analysis and estimates, and that actual results will be determined by market conditions at the time of sale of the debt obligations.

However, if it is determined prior to the issuance of these obligations that Electric System Revenue Refunding Letter to City of Fayetteville

Page 3
the actual results will be significantly different from the information provided in the plan which has been submitted, and the local government determines to proceed with the issue, our Office should subsequently be notified by either the Chief Executive Officer or the Chief Financial Officer of the local government regarding these differences, and that the local government was aware of the differences and determined to proceed with the issuance of the debt obligations. Notification to our Office will be necessary only if there is an increase or decrease of greater than fifteen percent (15%) in any of the following: (1) the principal amount of the debt obligations issued; (2) the costs of issuance; (3) the cumulative savings or loss with regard to any refunding proposal. We consider this notification necessary to insure that this Office and officials of the local government are aware of any significant changes that occur with regard to the issuance of the proposed indebtedness.

REPORT ON DEBT OBLIGATION

We are enclosing the Report on Debt Obligation form. This form must be completed for all debt issued. Pursuant to T.C.A. § 9-21-151, this form is to be completed and filed with the governing body of the City no later than forty-five days after the issuance of this debt, with a copy (including attachments, if any) filed with the Director of the Office of State and Local Finance by mail to the address on this letterhead or by email to stateandlocaifinance.publicdebt@tn.gov. No public entity may enter into additional debt if it has failed to file the Report on Debt Obligation. The form can be found at <http://www.comptroller.tn.gov/sl/pubdebt.asp>.

Sincerely,

Sandra Thompson
Director of the Office of State & Local Finance

Cc: Mr. Jim Arnette, Director of Local Government Audit, COT Dr. Janine Wilson, Chairman, Fayetteville Board of Public Utilities Mr. Chris Bessler, Cumberland Securities Company, Inc. Mr. Jeff Oldham, Bass Berry & Sims

Enclosures: Report of the Director of the Office of State & Local Finance Report on Debt Obligation

REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE CONCERNING THE PROPOSED ISSUANCE BY THE CITY OF FAYETTEVILLE, TENNESSEE OF ELECTRIC SYSTEM	Amount		\$1,000 Bond
	Estimated Underwriter's Discount	\$ 76,916	\$ 7.69
	Financial Advisor	47,300	4.73
	Bond Counsel	22,500	2.25
	Rating Agency Fee	15,500	1.55
	Miscellaneous Other Fees	14,695	1.47
	Total Cost of Issuance	\$ 176,911	\$ 17.69

REVENUE REFUNDING BONDS, SERIES 2016

The City of Fayetteville (the "City") submitted a plan of refunding (the "Plan"), as required by T.eA. § 9-211003 regarding an issuance of approximately \$10,000,000 Electric System Revenue Refunding Bonds, Series 2016, (the "Refunding Bonds"). The Refunding Bonds will advance refund approximately \$9,950,000 Electric System Revenue Bonds, Series 2007 (the "Refunded Bonds").

The Plan was prepared with the assistance of the City's municipal advisor, Cumberland Securities Company, Inc. An evaluation of the preparation, support, and underlying assumptions of the Plan has not been performed by this Office. This letter and report provide no assurances of the reasonableness of the underlying assumptions. This report must be presented to the governing body. The Refunding Bonds may be issued with a structure different to that of the Plan. The City provided a copy of its debt management policy.

BALLOON INDEBTEDNESS

The City determined the structure of the Refunding Bonds presented in the refunding plan is balloon indebtedness. The City submitted a separate request for approval of a plan of balloon indebtedness in conjunction with its request for the review of a refunding plan. Approval of the Director of the Office of State and Local Finance is required prior to the City adopting the resolution authorizing the issuance of balloon indebtedness.

The City's plan of balloon indebtedness was approved in a separate letter dated March 11, 2016.

FINANCIAL INFORMATION FOR THE YEAR ENDING JUNE 30, 2015

For the fiscal year ending June 30, 2015, the City's electric system reported operating income of \$3,575, 185 and posted a positive change in net position of \$2,387,616. The system also posted a positive change in net position for fiscal year 2014 in the amount of \$3,010,980. Debt service payments for fiscal year 2015 were \$1,737,668, consisting of principal payments of \$1,025,000 and interest payments of \$712,668.

CITY'S PROPOSED REFUNDING OBJECTIVE

The City indicated its purpose for the refunding is for net present value savings.

REFUNDING ANALYSIS

- The results of the refunding are based on the assumption that \$10,000,000 Refunding Bonds will be sold by negotiated sale and priced at par.
- The City is making a contribution of \$470,000 from its debt service funds to the transaction.
- The estimated net present value savings of the refunding is \$1,100,449 or 11.06% of the refunded principal amount of \$9,950,000.
- The final maturity of the Refunding Bonds does not extend beyond the final maturity of the Refunded Bonds.
- Estimated cost of issuance of the Refunding Bonds is \$176,911 or \$17.69 per \$1,000 of the par amount. See Table I for individual costs of issuance.

Table 1

City of Fayetteville Public Utilities Electric System Revenue Refunding Bonds, Series 2016 Costs of Issuance of the Refunding Bonds

The City has reported Cumberland Securities Company, Inc., as its financial advisor. Financial advisors have a fiduciary responsibility to the City. Underwriters have no fiduciary responsibility to the City. They represent the interests of their firm and are not required to act in the City's best interest without regard to their own or other interests.

This report of the Office of State and Local Finance does not constitute approval or disapproval by the Office for the Plan or a determination that a refunding is advantageous or necessary nor that any of the refunded obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity. This report is based on information as presented in the Plan by the City. The assumptions included in the City's Plan may not reflect either current

market conditions or market conditions at the time of sale.

If all of the Refunded Bonds are not refunded as a part of the Refunding Bonds, and the City wishes to refund them in a subsequent bond issue, then a new plan will have to be submitted to this Office for review.

Sandra Thompson
Director of the Office of State and Local Finance
Date: March 15, 2016

STATE OF TENNESSEE COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE SUITE 1600 JAMES K. POLK STATE OFFICE BUILDING 505 DEAD ERICK STREET NASHVILLE,
TENNESSEE 37243-1402 PHONE (615) 401-7872 FAX (615) 741-5986

March 15, 2016

Honorable Board of Mayor and Aldermen City of Fayetteville 110 Elk Avenue South Fayetteville, TN 37334

Dear Mr. Law and Aldermen:

This Office received a request on March 9, 2016, from the City of Fayetteville (the "City") for a report on the plan of finance (the "Plan") for the proposed issuance of a maximum \$10,000,000 Electric System Revenue Refunding Bonds, Series 2016 (the "Refunding Bonds"). The City expects to use the proceeds of the Refunding Bonds to advance refund approximately \$9,950,000 Electric System Revenue Bonds, Series 2007 (the "Refunded Bonds").

Balloon Indebtedness

The City indicated the purpose of the refunding is for cost savings. The refunding will also shorten the weighted average maturity of the City's outstanding debt. The stated purposes for the refunding are in the public's interest.

Approval

The comptroller of the treasury or the comptroller's designee shall evaluate each plan of balloon indebtedness based on the plan's particular circumstances and shall approve the plan only if a determination is made that the repayment structure is in the public's interest. Based on the review of the Plan in accordance with statute, the Plan is approved.

Sincerely,

Sandra Thompson Director of State & Local Finance

Cc: Mr. Jim Arnette, Director, Local Government Audit, COT Dr. Janine Wilson, Chairman, Fayetteville Board of Public Utilities Mr. Chris Bessler, Cumberland Securities Company, Inc. Mr. Jeff Oldham, Bass Berry & Sims

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 1.01 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" shall mean Regions Bank, Nashville, Tennessee, its successors and assigns, including those described in Section 3.11 hereof;

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

"Bond Resolution" shall mean the resolution adopted by the Governing Body on April 12, 2009 authorizing the Refunding Bonds;

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

"Escrow Fund" shall have the meaning ascribed to it in Section 2.01 hereof;

"Escrow Property", "escrow property" or "escrowed property" shall mean 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;

"Governing Body" shall mean the Board of Mayor and Aldermen of the Municipality; "Government Securities" shall mean obligations and securities described in Section 9-21-914, Tennessee Code Annotated;

"Municipality" shall mean the City of Fayetteville, Tennessee;

"Outstanding Bonds" shall have the meaning ascribed in the preamble;

"Refunding Bonds" shall have the meaning ascribed in the preamble;

"Written Request" shall mean a request in writing signed by the Mayor of the Municipality or by any other officer or official of the Municipality duly authorized by the Municipality to act in his place.

SECTION 1.02 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 2.01 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 2.02 Investment of Funds. The monies described in Section 2.01 hereof shall be held or invested as follows:

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

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

Except as provided in Sections 2.04 and 2.06 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 2.03 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 agents, or their successors, 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 the name and address of the paying agent with respect to the Outstanding Bonds are set forth on Exhibit A. Payment on the dates and to the 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 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 2.04 Excess Funds. Except as provided in Section 2.06 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 and/or interest 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 and/or interest 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 2.05 Reports. On or before , the Escrow Agent shall deliver to the Mayor of the Municipality a report summarizing all transactions relating to the Escrow Fund.

SECTION 2.06 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 2.06 shall be applied first to the payment of principal of and interest 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 2.07 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

4.01 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 2.08 Redemption of Outstanding Bonds. The Outstanding Bonds shall be paid or redeemed in accordance with the instructions and pursuant to respective notices of redemption given by irrevocable instructions of the Municipality to the respective paying agents for the Outstanding Bonds. The Escrow Agent shall have no duties with respect to the giving of any redemption notices related to the Outstanding Bonds.

ARTICLE III CONCERNING THE AGENT

SECTION 3.01 Appointment of Agent. The Municipality hereby appoints the Agent as escrow agent under this Agreement.

SECTION 3.02 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 3.03 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 3.04 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 3.05 Exculpation of Funds of Agent. Except as set forth in Section 3.03, 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 3.06 Payment of Deficiency by Municipality. 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 of the sums provided for under Section 2.01 hereof to assure the payment when due of the principal of and interest on the Outstanding Bonds.

SECTION 3.07 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 2.08 hereof.

SECTION 3.08 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, located in the State of Tennessee, 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 3.09 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 3.08. 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 3.08 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 3.08. 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 3.08 hereof.

Any corporation into which the Agent or its corporate trust business may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Agent or its corporate trust business shall be a party, or any corporation succeeding to the corporate trust 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 3.08 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 sum of \$ payable in advance. 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, however, the Municipality shall not be responsible for any cost associated with the merger or consolidation of the Agent; provided, however, that 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.

ARTICLE IV MISCELLANEOUS

SECTION 4.01 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 anyone 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 4.02 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 whatever.

SECTION 4.03 Governing Law. This Agreement shall be governed and construed in accordance with the law of the State of Tennessee.

SECTION 4.04 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, Tennessee
P.O. Box 13 Fayetteville, Tennessee 37334-0013 Attn: Mayor

To the Agent:

Regions Bank

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 4.05 Agreement Binding; Assignment. 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. Neither party hereto may assign its rights or obligations under this Agreement to another person or entity without the prior written consent of the other party hereto.

SECTION 4.06 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 4.07 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 Recorder, 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: _____ Mayor

City Clerk

REGIONS BANK, as Escrow Agent

By: _____ Title: _____

Motion was made by Michael Whisenant, seconded by Dorothy Small, to approve Resolution No. R-16-04. Upon roll call, the following voted:

Aye:

Violet Harry, Michael Whisenant, Gwen Shelton, Danny Bryant and Dorothy Small

Nay:

None

Mayor Law declared the motion approved.

Resolution No. R-16-05:

Resolution No. R-16-05, a resolution entitled, "A Resolution to honor Joe R. Askins," was considered. Said resolution is as follows:

R-16-05

A RESOLUTION HONORING THE MEMORY OF
JOE RICHARD ASKINS

Whereas, the Board of Mayor and Aldermen deems it appropriate to pass this resolution honoring the memory of Joe Richard Askins, a former Vice-Mayor and Alderman for the City of Fayetteville; and

Whereas, Joe Richard Askins was born in 1936 and raised on the family farm in the Harms community of Lincoln County, Tennessee; and

Whereas, Joe Richard Askins attended the public schools of Lincoln County and upon graduation furthered his studies at Tennessee State University where he obtained a Bachelor's Degree in business education in 1958; and

Whereas, Joe Richard Askins began his career as an educator at West End High School; and

Whereas, Joe Richard Askins obtained a Master's Degree in Education from Alabama A & M University; and

Whereas, Joe Richard Askins enjoyed a 39 year long teaching career, including positions at West End High School, Central High School and Lincoln County, Tennessee; and

Whereas, Joe Richard Askins was much beloved by the many students he taught during his distinguished career as an educator in Fayetteville and Lincoln County; and

Whereas, Joe Richard Askins was first elected Alderman of the City of Fayetteville in 1990; and

Whereas, Joe Richard Askins faithfully served five terms as Alderman, retiring from the Board in 2010; and

Whereas, during his service on the Board of Mayor and Aldermen, Joe Richard Askins served three terms as Vice-Mayor for the City of Fayetteville and served on numerous other boards and committees; and

Whereas, as Alderman, Joe Richard Askins was instrumental in bringing about many improvements to the City of Fayetteville including the creation of Stone Bridge Park, the consolidation of the public utility companies, establishment of the Farmers Market, expansion of the Recreation Department and numerous other achievements; and

Whereas, Joe Richard Askins served on the State Board of Children and Youth by appointment of Governor Ned McWherter; and

Whereas, Joe Richard Askins was a life-long member of Mary's Chapel A.M.E. Church where he served in many capacities; and

Whereas, Joe Richard Askins is survived by his wife, Lizzie Askins, daughter, Natalie Russell, son, Richard Askins and grandchildren, Amarion, Akeyra and Ivey; and

Whereas, Joe Richard Askins was a man of great integrity who devoted his life to service to others and his community.

Now, therefore, be it resolved that the members of Board of Mayor and Aldermen honor the memory of Joe Richard Askins and posthumously thank Joe Richard Askins for his distinguished service to the City of Fayetteville and its citizens; and

Be it further resolved by this Board of Mayor and Aldermen that this resolution of respect and esteem be spread upon the minutes of the Board and that a copy be forwarded to Mrs. Lizzie Askins.

This 12th day of April, 2016.



JONATHAN D. LAW
Mayor

Motion was made by Dorothy Small, seconded by Gwen Shelton, to approve to approve Resolution No. R-16-05. Upon roll call, the following voted:

Aye:

Michael Whisenant, Gwen Shelton, Danny Bryant, Dorothy Small and Violet Harry

Nay:

None

Mayor Law declared the motion approved.

Utopia Contract:

A full and thorough discussion was held concerning the Utopia Contract. Motion was made by Danny Bryant, seconded by Violet Harry, to approve payment of the \$500.00 deposit for the Utopia Contract. Upon roll call, the following voted:

Aye:

Gwen Shelton, Danny Bryant, Dorothy Small, Violet Harry and Michael Whisenant

Nay:

None

Mayor Law declared the motion approved.

Kiwanis Restroom Remodel – Allocate an additional \$4,500.00:

A full and thorough discussion was held concerning the Kiwanis Restroom Remodel. Motion was made by Gwen Shelton, seconded by Danny Bryant, to allocate up to \$4,500.00 to finish the project. Upon roll call, the following voted:

Aye:

Danny Bryant, Dorothy Small, Violet Harry, Michael Whisenant and Gwen Shelton

Nay:

None

Mayor

City Clerk