

**RESOLUTION # \_\_\_\_\_**

**A RESOLUTION AUTHORIZING THE ISSUANCE, IN ONE OR MORE SERIES, OF GENERAL OBLIGATION BONDS OF THE CITY OF FAIRVIEW, TENNESSEE, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED THREE MILLION DOLLARS (\$3,000,000) FOR THE PURPOSE OF REFUNDING A PORTION OF CERTAIN OUTSTANDING BONDS OF THE CITY; FINANCING CERTAIN PUBLIC WORKS PROJECTS; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BONDS; ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; AND PROVIDING FOR THE LEVY OF TAXES FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS.**

WHEREAS, municipalities in Tennessee are authorized by Section 9-21-101 et seq., Tennessee Code Annotated, to issue, by resolution, bonds to refund, redeem or make principal and interest payments on their previously issued bonds, notes or other obligations and to issue and sell bonds of said municipalities to finance public works projects; and

WHEREAS, the City of Fairview, Tennessee (the “City”) has outstanding its Outstanding Bonds; and

WHEREAS, the Outstanding Bonds can now be refinanced to restructure the City's outstanding debt thereby allowing the City access to financial resources and increase the assets in reserve to target levels; and

WHEREAS, the Governing Body has determined that in order to provide the funds necessary to accomplish said refunding and in order to provide the funds necessary to finance the Projects, it is necessary to issue the Bonds; and

WHEREAS, the plan of said refunding has been submitted to the State Director as required by Section 9-21-903, Tennessee Code Annotated, and said report on the plan of refunding has been issued and is attached hereto as Exhibit A; and

WHEREAS, an initial resolution proposing the issuance of not to exceed \$3,000,000 in aggregate principal amount of general obligation bonds has been adopted by the Governing Body on the date hereof, and, together, with the statutory notice required by Section 9-21-206, Tennessee Code Annotated, as amended, will be published as required by law; and

WHEREAS, it is the intention of the Governing Body to adopt this resolution for the purpose of authorizing the issuance of the Bonds, in one or more series, for the purpose of refunding the Outstanding Bonds, financing the Projects providing for the issuance, sale and payment of the Bonds, establishing the terms thereof and the disposition of proceeds therefrom and providing for the levy of a tax for the payment of principal thereof, premium, if any, and interest thereon.

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of as follows:

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

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

- (a) "Bonds" means the General Obligation Bonds, Series 2015 authorized herein;
- (b) "Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which physical bond certificates in fully registered form are issued to a Depository, or to its nominee as registered owner, with the certificate of bonds being held by and "immobilized" in the custody of such Depository, and under which records maintained by persons, other than the City or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial "book-entry" interests in those bonds;
- (c) "City" shall mean the City of Fairview, Tennessee;
- (d) "Code" shall mean the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder;
- (e) "Debt Management Policy" means the Debt Management Policy adopted by the Governing Body as required by the State Funding Board of the State of Tennessee;
- (f) "Depository" means any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to, DTC;
- (g) "DTC" means the Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns;
- (h) "DTC Participant(s)" means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC System;
- (i) "Escrow Agent" means the escrow agent appointed by the City Mayor, or its successor;
- (j) "Financial Advisor" means Cumberland Securities Company, Inc.;
- (k) "Governing Body" means the Board of Commissioners of the City;
- (l) "Government Securities" means those U.S. State and Local Government Securities and U.S. Treasury Notes delineated in the Refunding Escrow Agreement
- (m) "Outstanding Bonds" means the Loan Agreement, Series 2001, dated December 11, 2001, maturing May 25, 2016, and thereafter; General Obligation Capital Outlay Note, Series 2011, dated May 25, 2011, maturing May 1, 2016 and thereafter; and General Obligation Capital Outlay Note, Series 2012, dated December 12, 2012, maturing November 15, 2015 and thereafter;

(n) "Projects" means acquisition of the assets contained in that certain Lease Agreement, Series 2010, dated November 19, 2010; Lease Agreement, Series 2013, dated December 12, 2013 and Lease Agreement, Series 2014, dated January 16, 2014,;

(o) "Refunded Bonds" means the maturities or portions of maturities of the Outstanding Bonds designated by the City Mayor pursuant to Section 8 hereof;

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

(q) "Registration Agent" means the registration and paying agent for the Bonds appointed by the City Mayor pursuant to Section 4 hereof; and

(r) "State Director" shall mean the Director of State and Local Finance for the State of Tennessee.

Section 3. Findings of the Governing Body; Compliance with Debt Management Policy.  
It is hereby found and determined by the Governing Body as follows:

(a) In conformance with the directive of the State Funding Board of the State of Tennessee, the City has heretofore adopted its Debt Management Policy. The Governing Body hereby finds that the issuance and sale of the Bonds, as proposed herein, is consistent with the City's Debt Management Policy. However, in the event that the issuance and sale of the Bonds is in conflict with the provisions of the City's Debt Management Policy, the terms and conditions of this bond resolution shall control, and the Debt Management Policy shall be deemed to have been accordingly amended for purposes of the issuance and sale of the Bonds.

(b) Specifically, the Governing Body hereby finds that the issuance of the Bonds authorized by this resolution is advisable because it will result in a restructuring of outstanding debt to allow the City to build cash reserves back to target levels.

(c) Further, the City's Debt Management Policy contemplates that the City will, as a general rule, structure the term of any refunding bonds within the original term of the Refunded Bonds. The Bonds authorized herein will be structured so as not to materially extend beyond the original term and useful life of the Refunded Bonds and the new debt service will be approximately level over the term of the Bonds.

(d) To ensure that the costs of the Bonds authorized herein have been fully disclosed, the refunding report of the State Director has been presented to the members of the Governing Body in connection with their consideration of this resolution and is attached hereto as Exhibit A.

(e) The weighted average maturity of the Bonds is less than the weighted average expected life of the related Projects. The debt service on the Bonds is planned to achieve relatively level debt service. The Bonds will not have an optional redemption longer than approximately ten years from their date of issuance.

#### Section 4. Authorization and Terms of the Bonds.

(a) For the purposes of providing funds to (i) refund all or a portion of the Refunded Bonds and pay the costs incident to the issuance and sale of the Bonds, as more fully set forth in Section 9 hereof; (ii) finance the acquisition of the Projects; and (iii) pay the costs incident to the issuance and sale of the Bonds, there are hereby authorized to be issued bonds, in one or more series, of the City in an aggregate principal amount sufficient to pay the principal of, premium, if any, and interest on the Bonds and pay costs of issuance of the Bonds. The Bonds shall be issued in fully registered, Book-Entry Form (except as otherwise permitted herein), without coupons, shall be issued in one or more series, shall be known as “General Obligation Bonds, Series 2015” and shall have such series designation and dated date as shall be determined by the City Mayor pursuant to Section 8 hereof. The rate or rates on the Bonds shall not exceed the maximum interest rate permitted by applicable law at the time of the sale of the Bonds, or any series thereof. Subject to the adjustments permitted pursuant to Section 8 hereof, interest on the Bonds shall be payable semi-annually on March 1 and September 1 in each year, commencing March 1, 2016. The Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof, as shall be requested by the Underwriter, and, subject to adjustment as permitted by Section 8 hereof, shall mature, either serially or through mandatory redemption on March 1 of each year, subject to prior optional redemption as hereinafter provided, either serially or through mandatory redemption, in the years 2017 through 2030, inclusive. Attached hereto as Exhibit C is a preliminary debt service estimate of the amortization of the Bonds; provided, however, such amortization may be adjusted in accordance with Section 8 hereof.

(b) Subject to the adjustments permitted pursuant to Section 8 hereof, the Bonds, or any series thereof, maturing on or after March 1, 2021 shall be subject to redemption, at the option of the City, in whole or in part, on March 1, 2020 and on any date thereafter at the redemption price of par plus interest accrued to the redemption date, subject to change provisions. If less than all the Bonds of such series shall be called for redemption, the maturities to be redeemed shall be selected by the Governing Body in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) 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

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

(c) Pursuant to Section 8 hereof, the City 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 City Mayor. In the event any or all the Bonds are sold as term bonds, the City shall redeem term bonds on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the

maturity amounts established pursuant to Section 8 hereof for each redemption date, as such maturity amounts may be adjusted pursuant to Section 8 hereof, at a price of par plus accrued interest thereon to the date of redemption. The term bonds to be redeemed within a single maturity shall be selected in the manner described in subsection (b) above.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such mandatory redemption date, the City 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 City 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 City 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.

(d) Notice of call for redemption, shall be given by the Registration Agent on behalf of the City not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the City nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the County pursuant to written instructions from an authorized representative of the City (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the City to make funds available in part or in whole on or before the redemption date shall not constitute

an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

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

(f) The Bonds shall be payable, together with principal, premium, if any, and interest, in lawful money of the United States of America at the main office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds by check or draft on each interest payment date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by depositing said payment in the United States mail, postage prepaid, addressed to such owners at their addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the City in respect of such Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. In the event the Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the Regular Record Date.

(g) Any interest on any Bond that is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the City 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 City 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 City shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the City to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Bonds when due.

(h) The Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Bond or the Bond to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the City 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 City nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bonds shall be overdue. The Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in any authorized denomination or denominations.

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

(j) Except as otherwise provided in this resolution, the Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. References in this Section to a Bond or the Bonds shall be construed to mean the Bond or the Bonds that are held under the Book-Entry System. One Bond for each maturity shall be issued to DTC and immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Bonds in authorized denominations, with transfers of beneficial ownership affected on the records of DTC and on the 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 herein referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE REGISTRATION AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co. as provided in the letter of representation relating to the Bonds from the City and the Registration Agent to DTC. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The City 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 Depository for the Bonds or (2) the City determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, the City shall discontinue the Book-Entry System with DTC. If the City fails to identify another qualified Depository to replace DTC, the City shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. If the purchaser of the Bonds, or any series thereof, does not intend to reoffer the Bonds to the public, then the City Mayor and the purchaser may agree that the Bonds be issued in the form of fully-registered certificated Bonds and not utilize the Book-Entry System.

THE CITY 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, PREMIUM, IF ANY, 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.

If the Bonds are sold to a single purchaser that certifies that it does not intend to re-offer the Bonds to the public, then the Registration Agent may deliver fully registered Bonds to the purchaser without utilizing the Book-Entry System and the form of the Bond in Section 6 hereof shall be so confirmed.

(k) 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.

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

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

Section 5. Source of Payment. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the City. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City are hereby irrevocably pledged.

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

(Form of Face of Bond)

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

REGISTERED  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
CITY OF FAIRVIEW, TENNESSEE  
GENERAL OBLIGATION BONDS, SERIES 2015

Interest Rate:            Maturity Date:            Date of Bond:            CUSIP No.

Registered Owner: CEDE & CO.

Principal Amount:

FOR VALUE RECEIVED, the City of Fairview, Tennessee (the "City") hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth (or upon earlier redemption as set forth herein), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on March 1, 2016, and semi-annually thereafter on the first day of March and September in each year until this Bond matures or is redeemed. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the principal corporate trust office of 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 on each interest payment date directly to the registered owner hereof shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at such owner's address shown on said Bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the City to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of and premium, if any, on this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution (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 City and the Registration Agent shall treat Cede & Co., as the only owner of the Bonds for all purposes under the Resolution (hereafter defined), including receipt of all principal of, premium, if any, and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal and 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 (hereafter defined). Neither the City 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 City determines that, as defined in the Resolution (hereafter defined), 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 City may discontinue the Book-Entry System with DTC. If the City fails to identify another qualified securities depository to replace DTC, the City shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. Neither the City 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, premium, if any, and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners, (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

Bonds of the issue of which this Bond is one maturing March 1, 2017 through March 1, 2021 inclusive, shall mature without option of prior redemption, and Bonds maturing March 1, 2021 and thereafter shall be subject to redemption prior to maturity at the option of the City on March 1, 2020 and thereafter, 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 Board of City Commissioners of the City, 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:

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

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

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

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

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the City 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 City 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 City 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 paragraph 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 City not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the City nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the County pursuant to written instructions from an authorized representative of the City (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the City to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

This Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the principal corporate trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution (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 City 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 City to call such Bond for redemption.

This Bond is one of a total authorized issue aggregating \$\_\_\_\_\_ and issued by the City for the purpose of providing funds to (i) refund the City's outstanding Loan Agreement, Series 2001, dated December 11, 2001, maturing May 25, 2016, and thereafter; General Obligation Capital Outlay Note, Series 2011, dated May 25, 2011, maturing May 1, 2016 and thereafter; and General Obligation Capital Outlay Note, Series 2012, dated December 12, 2012, maturing November 15, 2015 and thereafter; (ii) finance the acquisition of the assets contained in that certain Lease Agreement, Series 2010, dated November 19, 2010; Lease Agreement, Series 2013, dated December 12, 2013 and Lease Agreement, Series 2014, dated January 16, 2014; and (iii) pay costs incident to the issuance and sale of the Bonds of which this Bond is one, under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101, et seq., Tennessee Code Annotated, and pursuant to a resolution duly adopted by the Board of Commissioners of the City on May 7, 2015 (the "Resolution")

This Bond is payable from unlimited ad valorem taxes to be levied on all taxable property located within the City. For the prompt payment of principal of, premium, if any, and interest on this Bond, the full faith and credit of the City are irrevocably pledged. For a more complete statement of the general covenants and provisions pursuant to which this Bond is issued, reference is hereby made to said Resolution.

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

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

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

CITY OF FAIRVIEW, TENNESSEE

BY: \_\_\_\_\_

City Mayor

(SEAL)

ATTESTED:

\_\_\_\_\_  
City Recorder

Transferable and payable at the  
principal corporate trust office of: \_\_\_\_\_

Date of Registration: \_\_\_\_\_

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

\_\_\_\_\_  
Registration Agent

By: \_\_\_\_\_  
Authorized Officer

(FORM OF ASSIGNMENT)

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

Dated: \_\_\_\_\_

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

Signature guaranteed:

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

*[End of Bond Form]*

Section 7. Pledge of Net Revenues and Levy of Tax. The City, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the City, in addition

to all other taxes authorized by law, sufficient to pay principal of, premium, if any, and interest on the Bonds when due, and for that purpose there is hereby levied a direct annual tax in such amount as may be found necessary each year to pay principal and interest coming due on the Bonds in said year. Principal and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the City and reimbursement therefor shall be made out of the taxes hereby provided to be levied when the same shall have been collected. The tax herein provided may be reduced to the extent of any appropriations from other funds, taxes and revenues of the City, to the payment of debt service on the Bonds.

#### Section 8. Sale of Bonds.

(a) The City Mayor, in each case in consultation with the Financial Advisor, shall take the following actions in connection with the offer and sale of the Bonds. The Bonds shall be offered for public sale, as required by law, in one or more emissions, at a price of not less than ninety-nine percent (99%) of par, plus accrued interest, as a whole or in part from time to time.

(b) The Bonds, or any emission thereof, shall be sold by delivery of bids via physical delivery, mail, fax, or telephone or by electronic bidding means of an internet bidding service.

(c) If the Bonds are sold in more than one emission, the aggregate principal amount of Bonds to be sold shall be less than that shown in Section 3 hereof. Corresponding adjustments to the maturity schedule of each emission designated in Section 3 hereof shall be made in connection with the foregoing, so long as the total aggregate principal amount of all emissions issued does not exceed the total aggregate of Bonds authorized to be issued herein.

(d) The following are further authorized in connection with the issuance and sale of the Bonds:

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

(2) the designation of the Bonds, or any emission thereof, may be changed to a designation other than "General Obligation Bonds" and the series designation of the Bonds, or any emission thereof shall be designated;

(3) the first interest payment date on the Bonds or any emission thereof may be adjusted to a date other than March 1, 2016, provided that such date is not later than twelve months from the dated date of such emission of Bonds;

(4) the principal and interest payment dates and the maturity amounts of the Bonds, or any emission thereof, may be adjusted provided that (A) the total principal amount of all emissions of the Bonds does not exceed the total amount of Bonds authorized herein; and (B) the final maturity date of each emission shall not exceed the thirtieth fiscal year following the fiscal year of its emission;

(5) the optional redemption provisions provided in Section 3 hereof may be adjusted so long as the premium amount to be paid on Bonds or any emission thereof does not exceed two percent (2%) of the principal amount thereof;



(6) the Bonds, or any emission thereof, or any maturities thereof may be sold as Term Bonds with mandatory redemption requirements corresponding to the maturities set forth in the Notice of Sale; and

(7) all or a portion of the Bonds may be insured by a bond insurance policy issued by a nationally recognized bond insurance company to achieve the purposes set forth herein and to serve the best interests of the City and to enter into agreements with such insurance company with respect to any emission of Bonds to the extent not inconsistent with this Resolution.

(e) The Bonds, or any emission thereof, may be sold simultaneously with any other bonds or notes authorized by resolution or resolutions of the Governing Body. The Bonds, or any emission thereof, may be sold as a single issue of bonds with any other bonds with substantially similar terms authorized by resolution or resolutions of the Governing Body, in one or more emissions or series and in doing so, the designation of the Bonds may be changed to a designation other than "General Obligation Bonds"; provided, however, that the total aggregate principal amount of combined bonds to be sold does not exceed the total aggregate principal amount of Bonds authorized by this resolution or bonds authorized by any other resolution or resolutions adopted by the Governing Body.

(f) The City Mayor is authorized to award the Bonds, or any emission thereof to the bidder whose bid results in the lowest true interest cost to the City, provided the rate or rates on the Bonds, or any emission thereof, does not exceed the maximum rate permitted by applicable Tennessee law at the time of the issuance of the Bonds or any emission thereof. The award of the Bonds to the lowest bidder shall be binding on the City, and no further action of the Governing Body with respect thereto shall be required. The form of the Bond set forth in Section 6 hereof, shall be conformed to reflect any changes made pursuant to this Section 8 hereof.

(g) The City Mayor and City Recorder are authorized to cause the Bonds, in book-entry form (except as otherwise permitted herein), to be authenticated and delivered by the Registration Agent to the successful bidder and to execute, publish, and deliver all certificates and documents, including an official statement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Bonds. The City Mayor and City Recorder are hereby authorized and directed to enter into a contract with the Financial Advisor, for financial advisory services in connection with the sale of the Bonds and to enter into a contract with Nelson Mullins Riley & Scarborough LLP to serve as bond counsel in connection with the Bonds.

Section 9. Disposition of Bond Proceeds. The proceeds of the sale of each series of the Bonds shall be applied by the City as follows:

(a) all accrued interest, if any, shall be deposited to the appropriate fund of the City to be used to pay interest on the Bonds on the first interest payment date following delivery of the Bonds;

(b) an amount, which together with legally available funds of the City, if any, and investment earnings thereon, will be sufficient to pay principal of, premium, if any, and interest

on the Refunded Bonds until and through the redemption date therefor shall be transferred to the Escrow Agent under the Refunding Escrow Agreement to be deposited to the Escrow Fund established thereunder to be held and applied as provided therein or funds shall be transferred to the paying agent for the Refunded Bonds to be held to the earliest optional redemption date; and

(c) the remainder of the proceeds of the sale of the Bonds shall be paid to the City Finance Director to be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar or successor federal agency in a special fund known as the Public Improvement Acquisition Fund (the "Acquisition Fund"), or such other designation as shall be determined by the City Mayor to be kept separate and apart from all other funds of the City. The funds in the Acquisition Fund shall be disbursed solely to pay the costs of the Projects (or reimburse the City for the prior payment thereof), including necessary legal, accounting, engineering, architectural and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, rating agency fees, Registration Agent fees, bond insurance premiums (if any) and other necessary miscellaneous expenses incurred in connection with the Projects, and the costs of issuance and sale of the Bonds. Notwithstanding the foregoing, costs of issuance of the Bonds may be withheld from the good faith deposit or purchase price of the Bonds and paid to the Financial Advisor to be used to pay costs of issuance of the Bonds. Moneys in the Acquisition Fund shall be invested as directed by the City Finance Director in such investments as shall be permitted by applicable law. Earnings from such investments shall be, to the extent permitted by applicable law and at the discretion of the City Mayor (i) deposited to the Acquisition Fund to reimburse the Acquisition Fund for any costs of issuance paid related to the issuance of the Bonds; (ii) deposited to the Acquisition Fund to the extent needed for the Projects or (iii) transferred to the City's debt service fund to the extent permitted by applicable law. After completion of the Projects any funds remaining in the Acquisition Fund, including earnings from such investments, shall be deposited to the City's debt service fund, subject to any modifications by the Governing Body.

(d) In accordance with state law, the various department heads responsible for the fund or funds receiving and disbursing funds are hereby authorized to amend the budget of the proper fund or funds for the receipt of proceeds from the issuance of the obligations authorized' by this resolution including bond and note proceeds, accrued interest, reoffering premium and other receipts from this transaction. The department heads responsible for the fund or funds are further authorized to amend the proper budgets to reflect the appropriations and expenditures of the receipts authorized by this resolution.

Section 10. Official Statement. The City Mayor, the City Recorder, and the City Manager, or any of them, working with the Underwriter, is hereby authorized and directed to provide for the preparation and distribution, electronic or otherwise, of a preliminary official statement describing the Bonds. After the Bonds have been sold, the City Mayor, the City Recorder and the City Manager, or any of them, shall make such completions, omissions, insertions and changes in the preliminary official statement not inconsistent with this resolution as are necessary or desirable to complete it as a final official statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The City Mayor, the City Recorder, and the City Manager, or any of them, shall arrange for the delivery of a reasonable number of copies of the official statement within seven (7) business days after the Bonds have been sold to the Underwriter, to each potential investor requesting a copy of the official statement.

The City Mayor, the City Recorder and the City Manager, or any of them or either of them, is authorized, on behalf of the City, 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 City except for the omission in the preliminary official statement of such pricing and other information.

No official statement need be prepared if the Bonds are sold to a purchaser that does not intend to reoffer the Bonds to the public.

Section 11. Refunding Escrow Agreement. For the purpose of providing for the payment of the principal of, premium, if any, and interest on the Refunded Bonds, the City Mayor is hereby authorized and directed to execute and the City Recorder to attest on behalf of the City 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; provided, however that the yield on such investments shall be determined in such manner that none of the Bonds will be an “arbitrage bond” within the meaning of Section 148 (a) of the Code. The form of the Refunding Escrow Agreement presented to this meeting and attached hereto as Exhibit B is hereby in all respects approved and the City Mayor and the City Recorder are hereby authorized and directed to execute and deliver same on behalf of the City in substantially the form thereof presented to this meeting; or with such changes as may be approved by the City Mayor and City Recorder, their execution thereof to constitute conclusive evidence of their approval of all such changes. 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.

Section 12. Notice of Refunding. Prior to the issuance of the Bonds, or any series thereof, if required, notice of the City’s intention to refund the Refunded Bonds, shall be given by the registration agent for the Refunded Bonds to be mailed by first-class mail, postage prepaid, to the registered holders thereof, as of the date of the notice, as shown on the bond registration records maintained by such registration agent of said Refunded Bonds. Such notice shall be in the form consistent with applicable law. The City Mayor, the City Recorder and the City Manager, or any of them, is hereby authorized and directed to authorize the registration agent of said Refunded Bonds to give such notice on behalf of the City in accordance with this Section.

Section 13. Federal Tax Matters Related to the Bonds. The City recognizes that the purchasers and holders of the Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon is excluded from gross income for purposes of federal income taxation under laws in force on the date of delivery of the Bonds. Accordingly, the City 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 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(a) of the Internal Revenue Code of 1986, as

amended (the "Code"), including any lawful regulations promulgated or proposed thereunder, and to this end the said proceeds of the 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) of the Code and will take such other actions as shall be necessary or permitted to prevent the interest on the Bonds from becoming subject to inclusion in gross income of the owners and holders of the Bonds for purposes of federal income taxation. The City Mayor and the City Manager are authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as any or all shall deem appropriate, and such certifications shall constitute a representation and certification of the City. Following the issuance of the Bonds, the City Manager is directed to administer the City's Federal Tax Compliance Policies and Procedures with respect to the Bonds.

Section 14. Discharge and Satisfaction of Bonds. If the City shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways, to wit:

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

(b) By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers ("Agent") which Agent may be the Registration Agent) in trust or escrow; on or before the date of maturity or redemption, sufficient money or Federal Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay 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 City shall also pay or cause to be paid all other sums payable hereunder by the City with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the City to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

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

Except as otherwise provided in this Section, neither Federal Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Federal Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, premium, if any, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Federal Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the City as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Federal Obligations maturing at times and in amounts sufficient to pay when due the principal, premium, if any, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the City, as received by the Registration Agent. For the purposes of this Section, Federal Obligations shall mean direct obligations of or obligations, the principal of, premium, if any, and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee law for the purposes described in this Section, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

Section 15. Reasonably Expected Economic Life. The "reasonably expected economic life" of the Project within the meaning of Sections 9-21-101 et seq., Tennessee Code Annotated, is greater than twenty (20) years. In no event shall the term of any Bond exceed the reasonably expected economic life of the Projects financed by the proceeds of such Bond.

Section 16. Qualified Tax-Exempt Obligations. The City Mayor is hereby authorized to designate the Bonds as "qualified tax-exempt obligations," within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended, to the extent the Bonds may be so designated.

Section 17. Continuing Disclosure. The City hereby covenants and agrees that it will provide annual financial information and material event notices as required by Rule 15c2-12 of the Securities Exchange Commission for the Bonds. The City Mayor is authorized to execute at the closing of the sale of the Bonds, an agreement for the benefit of and enforceable by the owners of the Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of the City to comply with the undertaking herein described and to be detailed in said 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 City to comply with their undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 18. Resolution a Contract. The provisions of this resolution shall constitute a contract between the City and the registered owners of the Bonds, and after the issuance of the Bonds, no change, variation or alteration of any kind in the provisions of this resolution shall be made in any manner until such time as the Bonds and interest due thereon shall have been paid in full.

Section 19. 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 20. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Adopted and approved this 7<sup>th</sup> day of May, 2015.

---

City Mayor

ATTEST:

---

City Recorder

APPROVED AS TO FORM AND LEGALITY:

---

City Attorney

STATE OF TENNESSEE     )

CITY OF FAIRVIEW         )

I, Brandy Johnson, certify that I am the duly qualified and acting City Recorder of Fairview City, 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 City held on May 7, 2015; 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 the City's issuance of the General Obligation Bonds, Series 2015.

WITNESS my official signature and seal of said City this 7th day of May, 2015.

---

City Recorder

(SEAL)

**EXHIBIT A**

**REPORT OF THE DIRECTOR OF STATE AND LOCAL FINANCE  
ON THE PLAN OF REFUNDING**





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

May 5, 2015

Honorable Patti Carroll, Mayor  
City of Fairview  
7100 City Center Way  
Fairview, TN 37062

Dear Mayor Carroll:

This letter, report, and the submitted plan of refunding (the "Plan"), are to be posted on the City of Fairview's (the "City") website. Please make these documents available to the public and provide a copy of this report to each member of the governing body and review it at the meeting held to consider the refunding bond resolution.

This letter acknowledges receipt on April 20, 2015, of the City's request to review the Plan for the issuance of an estimated \$1,250,000 General Obligation Refunding Bonds, Series 2015 (the "Refunding Bonds") to current refund an estimated \$1,204,000 General Obligation Loan Agreement, Series 2001, (the "Refunded Loan Agreement").

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.

**CITY'S PROPOSED REFUNDING OBJECTIVE**

According to the City, the Refunding Bonds are being issued to restructure all of the City's outstanding debt to make cash available to build reserves in fiscal year 2016 back to a target level. The refunding will also eliminate variable interest rate risk associated with the 2001 Loan Agreement.

## **BUDGETING AND CASH MANAGEMENT ISSUES**

In the period from fiscal year 2010 to fiscal year 2014, the City's General Fund expenditures have exceeded revenues by \$2.2 million. This overspending has reduced the City's cash balance by \$1,206,407 from \$1,835,160 at June 30, 2010, to \$628,753 at June 30, 2014. The City also issued debt and entered into capital leases during this period. The City is seeking to increase its cash balance by restructuring its currently outstanding debt portfolio and capital leases. New debt, including refunding bonds, is being issued to extend the final maturity of the City's debt portfolio by four years to fiscal year 2030. This extension will create nearly level debt service payments of approximately \$260,000, but, will come at a cost of additional interest expense and reduced future debt capacity. This extension also permits the City to delay the first principal payment of the refunding bonds to fiscal year 2017.

In its future budgets, the City Commission should consider appropriating less money than anticipated cash receipts in order to maintain adequate cash for working capital and contingencies. We recommend that the City Commission adopt a cash management policy for the City's funds indicating an appropriate level of cash for each fund at the beginning of the fiscal year for working capital and contingencies. We recommend that the City use the Statement of Cash Flow Analysis included with our office's Annual Budget Memo as part of the process to determine and monitor the appropriate level of cash for each fund.

## **BALLOON INDEBTEDNESS**

The structure of the Refunding Bonds presented in the Plan does not appear to be balloon indebtedness. If the Refunding Bonds' structure is revised, the City should determine if the new structure complies with the requirements of T.C.A. § 9-21-134 concerning balloon indebtedness. If it is determined that the bond structure constitutes balloon indebtedness, the City must submit a Plan of Balloon Indebtedness to the Director of the Office of State and Local Finance for approval prior to the City adopting the resolution authorizing the issuance of the debt.

## **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.

## **FINANCIAL PROFESSIONALS**

The City has reported Cumberland Securities Company, Inc. as its municipal advisor. Municipal 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 municipal advisor.

## REPORT OF THE REVIEW OF A PLAN OF REFUNDING

**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 120-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 120-day period. However, with regard to the report currently being issued by this Office, during the initial 120-day period or any subsequent 120-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 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 Form CT-0253, Report on Debt Obligation. The 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 [stateandlocalfinance.publicdebtform@cot.tn.gov](mailto:stateandlocalfinance.publicdebtform@cot.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 [comptroller.tn.gov/sl/pubdebt.asp](http://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  
Mr. Wayne Hall, City of Fairview  
Mr. John Werner, Cumberland Securities Company, Inc.  
Mr. Scott Gibson, Cumberland Securities Company, Inc.  
Ms. Nina Kumar, Nelson, Mullins, Riley & Scarborough, LLP

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 OF  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015  
THE CITY OF FAIRVIEW**

The City of Fairview (the "City") submitted a plan of refunding (the "Plan"), as required by T.C.A. § 9-21-903 regarding an issuance of an estimated \$1,250,000 General Obligation Refunding Bonds, Series 2015 (the "Refunding Bonds") to current refund an estimated \$1,204,000 General Obligation Loan Agreement, Series 2001, (the "Refunded Loan Agreement").

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 prior to the adoption of a refunding bond resolution. 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 structure of the Refunding Bonds presented in the Plan does not appear to be balloon indebtedness. If the Refunding Bonds' structure is revised, the City should determine if the new structure complies with the requirements of T.C.A. § 9-21-134 concerning balloon indebtedness. If it is determined that the bond structure constitutes balloon indebtedness, the City must submit a Plan of Balloon Indebtedness to the Director of the Office of State and Local Finance for approval prior to the City adopting the resolution authorizing the issuance of the debt.

**CITY'S PROPOSED REFUNDING OBJECTIVE**

According to the City, the Refunding Bonds are being issued to restructure all of the City's outstanding debt to make cash available to build reserves in fiscal year 2016 back to a target level. The refunding will also eliminate variable interest rate risk associated with the 2001 Loan Agreement.

**BUDGETING AND CASH MANAGEMENT ISSUES**

In the period from fiscal year 2010 to fiscal year 2014, the City's General Fund expenditures have exceeded revenues by \$2.2 million. This overspending has reduced the City's cash balance by \$1,206,407 from \$1,835,160 at June 30, 2010, to \$628,753 at June 30, 2014. The City also issued debt and entered into capital leases during this period. The City is seeking to increase its cash balance by restructuring its currently outstanding debt portfolio and capital leases. New debt, including refunding bonds, is being issued to extend the final maturity of the City's debt portfolio by four years to fiscal year 2030. This extension will create nearly level debt service payments of approximately \$260,000, but, will come at a cost of additional interest expense and reduced future debt capacity. This extension also permits the City to delay the first principal payment of the refunding bonds to fiscal year 2017.

In its future budgets, the City Commission should consider appropriating less money than anticipated cash receipts in order to maintain adequate cash for working capital and contingencies. We recommend that the City Commission adopt a cash management policy for the City's funds indicating an appropriate level of cash for each fund at the beginning of the fiscal year for working capital and contingencies. We recommend that the City use the Statement of Cash Flow Analysis included with our office's Annual Budget Memo as part of the process to determine and monitor the appropriate level of cash for each fund.

## REFUNDING ANALYSIS

- The results of the refunding are based on the assumption that \$1,250,000 Refunding Bonds will be sold by competitive sale and priced at par.
- The Refunding Bonds will be issued with a fixed interest rate structure. The Refunded Loan Agreement has a variable interest rate structure.
- The issuance of the Refunding Bonds will eliminate all of the City's variable interest rate debt.
- The City is extending the maturity schedule of the Refunded Loan Agreement by four years from 2026 to 2030.
- The extension of the maturity schedule of the Refunded Loan Agreement will increase interest expense from \$148,033, (calculated at the budgeted rate of 2%) to \$273,587; an increase of \$125,554.
- Estimated cost of issuance of the Refunding Bonds is \$43,993 or \$35.19 per \$1,000 of the par amount of the Refunding Bonds. See Table 1 for individual costs of issuance.


Table 1  
Costs of Issuance of the Refunding Bonds

	Amount	Price per \$1,000 bond
Underwriter (TBD by Competitive Sale)	\$ 12,500.00	\$ 10.00
Financial Advisor (Cumberland Securities Company, Inc.)	13,319.64	10.66
Bond Counsel (Nelson, Mullins, Riley & Scarborough, LLP)	5,653.27	4.52
Rating Agency Fees	6,072.03	4.86
Other Costs	6,448.39	5.16
Total Cost of Issuance	<u>\$ 43,993.33</u>	<u>\$ 35.19</u>

The City has identified Cumberland Securities Company, Inc. as its municipal advisor. Municipal advisors have a fiduciary responsibility to you, the issuer. Underwriters have no fiduciary responsibility to you. They represent the interests of their firm.

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 Loan Agreement is not refunded as a part of the Refunding Bonds, and the City wishes to refund any part 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: May 5, 2015

## **EXHIBIT B**

### **FORM OF REFUNDING ESCROW AGREEMENT**

This Refunding Escrow Agreement is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2015 by and between the City of Fairview, Tennessee (the "City"), and Regions Bank, Nashville, Tennessee (the "Agent").

#### **W I T N E S S E T H:**

WHEREAS, the City has previously issued its Outstanding Bonds; and

WHEREAS, the City has determined to provide for the refinancing of the Outstanding Bonds by depositing in escrow with the Agent the funds as herein provided; and

WHEREAS, in order to obtain a portion of the funds to be applied as herein provided, the City has authorized and issued its Series 2015 Bonds; and

WHEREAS, a portion of the proceeds derived from the sale of the Series 2015 Bonds will be deposited in escrow with the Agent hereunder and applied as herein provided; and

WHEREAS, in order to create the escrow hereinabove described, provide for the deposit of a portion of said Series 2015 Bonds proceeds and other available monies of the City and the application thereof, and to provide for the payment of the debt service on the Outstanding Bonds, the parties hereto do hereby enter into this Agreement.

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

#### **DIVISION I**

All right, title and interest of the City in and to \$\_\_\_\_\_, consisting of \$\_\_\_\_\_ derived from the proceeds of the sale of the Series 2015 Bonds.

#### **DIVISION II**

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 City 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 III**

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 City 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.

## 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" means Regions Bank, Nashville, Tennessee, its successors and assigns.

"Agreement" means this Refunding Escrow Agreement, dated as of the date of the Series 2015 Bonds, between the City and the Agent.

"City" means the City of Fairview, Tennessee

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

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

"Outstanding Bonds" means the Loan Agreement, Series 2001, dated December 11, 2001, maturing May 25, 2016, and thereafter; General Obligation Capital Outlay Note, Series 2011, dated May 25, 2011, maturing May 1, 2016 and thereafter; and General Obligation Capital Outlay Note, Series 2012, dated December 12, 2012, maturing November 15, 2015 and thereafter.

"Refunding Bonds" means the portion of the Series 2015 Bonds issued to refund the Outstanding Bonds.

"Series 2015 Bonds" means the City's General Obligation Bonds, Series 2015

"Written Request" shall mean a request in writing signed by the Mayor of the City or by any other officer or official of the City duly authorized by the City to act in her 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 City 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:

- (i) the amount of \$\_\_\_\_\_ shall be used to purchase the Government Securities described on Exhibit B attached hereto; and
- (ii) 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 Governmental Securities acquired hereunder except as provided herein.

SECTION 2.03. Disposition of Escrow Funds. The Agent shall without further authorization or direction from the City collect the principal 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 City 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 City 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 City 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 City.

SECTION 2.05. Reports. The Escrow Agent shall deliver to the City Recorder of the City a monthly report summarizing all transactions relating to the Escrow Fund; and on or before the first day of \_\_\_\_\_ of each year shall deliver to the City Recorder a report current as of \_\_\_\_\_ of that year, which shall summarize all transactions relating to the Escrow Fund effected during the immediately preceding fiscal year of the City and which also shall set forth all assets in the Escrow Fund as of \_\_\_\_\_ and set forth opening and closing balances thereof for that fiscal year.

SECTION 2.06. Investment of Moneys Remaining in the 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 Obligations, 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 City 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 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 City to be applied to the payment of the Refunding Bonds or the costs of issuance thereof.

SECTION 2.07. Irrevocable Escrow Created. The deposit of monies in the Escrow Fund shall constitute an irrevocable deposit of said monies for the benefit of the holder 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 City and the Agent and used only for the purposes in the manner provided in this Agreement.

SECTION 2.08. Redemption of the Outstanding Bonds. The Outstanding Bonds shall be redeemed as stated on Exhibit C attached hereto. The Agent is authorized to give notice to the respective paying agents for the Outstanding Bonds not less than 45 days prior to the stated respective redemption dates of the Outstanding Bonds directing the respective paying agent banks to give notice to the respective holders of the Outstanding Bonds as and when required by the respective resolutions authorizing the Outstanding Bonds.

### ARTICLE III

#### CONCERNING THE AGENT

SECTION 3.01. Appointment of Agent. The City 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 or be in any way responsible for the performance or nonperformance by the City or any paying agent of its obligations, or to protect any of the City's right under any bond proceedings or any of the City's other contracts with or franchises or privileges from any state, City, municipal 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 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 City. 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 Governmental Securities 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 provision 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 City 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 Series 2015 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. 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 3.07 Payment to Agent. The City agrees to pay the Agent, as reasonable and proper compensation under this Agreement the sum of \$\_\_\_\_\_. The Agent shall be entitled to reimbursement of all advances, counsel fees and expenses and other costs made or incurred by the Agent in connection with its services and/or its capacity as Agent or resulting therefrom. In addition, the City 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 payment of debt service of the Outstanding Bonds; provided, however, that, to the extent permitted by applicable law, the City 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 City and shall not give rise to any claim against the Escrow Fund.

SECTION 3.08 Resignation of Agent. The Agent may at any time resign by giving direct written notice to the City and by giving the holder of the Outstanding Bonds by first-class mail of such resignation. Upon receiving such notice of resignation, the City shall promptly appoint a successor escrow agent by resolution of its governing body. If no successor escrow agent shall be 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 Fairview City, 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 3.06. The Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

SECTION 3.09        Removal of Agent. In case at any time the Agent shall cease to be eligible in accordance with the provisions of Section 3.06 hereof and shall fail to resign after written request therefor by the City or by any holder of the Outstanding Bonds, or the Agent shall become incapable of action 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 City may remove the Agent and appoint a successor by resolution of its governing body or any such holder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction situated in the City 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.

Any registration 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 3.10 hereof.

SECTION 3.10        Acceptance by Successor. Any successor escrow agent appointed as provided in this Agreement shall execute, acknowledge and deliver to the City 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 City 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 City 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 3.07 hereof.

Any corporation into which the Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Agent shall be a party, or any corporation succeeding to the business of the Agent, shall be the successor of the Agent hereunder without the execution or filing of any paper or any further act

on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor shall be eligible under the provisions of Section 3.07 hereof.

## ARTICLE IV

### MISCELLANEOUS

SECTION 4.01 Amendments to this Agreement. This Agreement is made for the benefit of the City, 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 City; provided, however, that the City and the Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (i) to cure any ambiguity or formal defect or omission in this Agreement;
- (ii) to grant to, or confer upon, the Agent for the benefit of the holder(s) 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
- (iii) 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 holder 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 provisions 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 Obligations held hereunder and to substitute therefor direct obligations of, or obligations the principal of an 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 City 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 or the Outstanding 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 substitute securities with the proceeds derived from the maturity, sale, transfer, disposition or redemption of the Government Obligations 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 of 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, rule sand regulations then in force and applicable to the obligations issued on the date of issuance of the Refunding Bonds, or Outstanding 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 Obligations held hereunder and the substitutions therefor of direct obligations of, or obligations the principal of an 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 City.

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 City:

City of Fairview, Tennessee  
7100 City Center Way  
Fairview, TN 37062  
Attn: City Mayor

To the Agent:

Regions Bank  
One Nashville Place, 150 Fourth Avenue North  
Nashville, TN 37218  
Attn: Caroline Oakes

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

SECTION 4.06      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 registered for all purposes as one original and shall constitute and be but one and the same instrument.

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

CITY OF FAIRVIEW, TENNESSEE

By: \_\_\_\_\_  
City Mayor

(SEAL)

\_\_\_\_\_  
City Recorder

Regions Bank,  
as Escrow Agent

By: \_\_\_\_\_  
Title: \_\_\_\_\_



## EXHIBIT A

City of Fairview, Tennessee

Debt Service of the Outstanding Bonds, in the original aggregate principal amount of  
\$\_\_\_\_\_ to the Redemption Date

EXHIBIT B

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

<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Issue Date</u>
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Government Securities  
U.S. Treasury Notes

<u>Amount</u>	<u>Interest Rate</u>	<u>First Interest Payment Date</u>	<u>Maturity Date</u>	<u>Issue Date</u>
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Total Cost of Securities: \$ \_\_\_\_\_

Initial Cash Deposit:\$ \_\_\_\_\_

EXHIBIT C

NOTICE OF REDEMPTION  
CITY OF FAIRVIEW, TENNESSEE

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

**Loan Agreement, Series 2001, dated December 11, 2001, maturing May 25, 2016, and thereafter; General Obligation Capital Outlay Note, Series 2011, dated May 25, 2011, maturing May 1, 2016 and thereafter; and General Obligation Capital Outlay Note, Series 2012, dated December 12, 2012, maturing November 15, 2015 and thereafter.**

The owners of the above-described Outstanding Bonds are hereby notified to present the same to the Offices of Regions Bank, Nashville, Tennessee, where redemption shall be made at the redemption price of par, plus interest accrued to the redemption date.

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

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

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Registration and Paying Agent

**EXHIBIT C**  
**PRELIMINARY DEBT SERVICE ESTIMATE**

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**\$3,000,000**  
City of Fairview, Tennessee  
General Obligation Refunding Bonds, Series 2015

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**Debt Service**

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Date	Principal	Coupon	Interest	Total P+I
06/30/2016	-	-	24,521.01	24,521.01
06/30/2017	190,000.00	1.000%	70,060.00	260,060.00
06/30/2018	190,000.00	1.250%	68,160.00	258,160.00
06/30/2019	195,000.00	1.500%	65,785.00	260,785.00
06/30/2020	195,000.00	1.750%	62,860.00	257,860.00
06/30/2021	200,000.00	2.000%	59,447.50	259,447.50
06/30/2022	205,000.00	2.150%	55,447.50	260,447.50
06/30/2023	205,000.00	2.250%	51,040.00	256,040.00
06/30/2024	215,000.00	2.450%	46,427.50	261,427.50
06/30/2025	215,000.00	2.500%	41,160.00	256,160.00
06/30/2026	225,000.00	2.750%	35,785.00	260,785.00
06/30/2027	230,000.00	2.850%	29,597.50	259,597.50
06/30/2028	240,000.00	3.000%	23,042.50	263,042.50
06/30/2029	245,000.00	3.150%	15,842.50	260,842.50
06/30/2030	250,000.00	3.250%	8,125.00	258,125.00
Total	\$3,000,000.00	-	\$657,301.01	\$3,657,301.01

**Date And Term Structure**

Dated.....	10/25/2015
First Coupon Date.....	3/01/2016
Frequency of Interest Payments.....	2 Per Year
First Serial Maturity Date.....	3/01/2017

**Yield Statistics**

Average Coupon.....	2.6665355%
Weighted Average Maturity.....	8.217 Years
Bond Year Dollars.....	\$24,650.00
Bond Yield for Arbitrage Purposes.....	2.6440014%
True Interest Cost (TIC).....	2.7826078%