

RESOLUTION 13-510

The Board of Mayor and Aldermen of the Town of Mount Carmel, Tennessee met in a regular session on November 26, 2013, at 5:30 p.m., at City Hall, Mount Carmel, Tennessee, with the Honorable Larry Frost, presiding.

The following members of the Governing Body were present:

Eugene Christian, Alderman
Frances Frost, Alderman
Carl Wolfe, Alderman
Paul Hale, Vice-Mayor
Larry Frost, Mayor

The following members of the Governing Body were absent:

Wanda Davidson, Alderman
Leann DeBord, Alderman

There was also present Marian Sandidge, Recorder.

After the meeting was duly called to order, the following Resolution was introduced by Vice-Mayor Paul Hale, seconded by Alderman Eugene Christian and after due deliberation, was adopted by the following vote:

AYE: Eugene Christian, Alderman
Frances Frost, Alderman
Carl Wolfe, Alderman
Paul Hale, Vice-Mayor
Larry Frost, Mayor

NAY: None

RESOLUTION 13-510

A RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED FIVE HUNDRED SIXTY THOUSAND DOLLARS (\$560,000) OF THE TOWN OF MOUNT CARMEL, TENNESSEE FOR THE PURPOSE OF REFUNDING ALL OR A PORTION OF ITS OUTSTANDING SEWER REVENUE AND TAX REFUNDING BONDS, SERIES 2003; TO MAKE PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BONDS; TO ESTABLISH THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; AND PROVIDE FOR THE LEVY OF TAXES FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS.

WHEREAS, pursuant to authority granted by Sections 9-21-101, et seq., Tennessee Code Annotated, as amended, the Town of Mount Carmel, Tennessee (the "Municipality") has issued its Sewer Revenue and Tax Refunding Bonds, Series 2003, dated July 15, 2003, maturing May 1, 2019, 2023, and 2027 (the "Outstanding Bonds"); and

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

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

WHEREAS, the Board of Mayor and Aldermen of the Municipality hereby determines that it is necessary and advisable to refund all or a portion of the Outstanding Bonds by the issuance of general obligation refunding bonds; and

WHEREAS, it is the intention of the Board of Mayor and Aldermen of the Municipality to adopt this Resolution for the purpose of authorizing not to exceed \$560,000 in aggregate principal amount of its general obligation refunding bonds, providing for the issuance, sale and payment of said bonds, establishing the terms thereof and the disposition of proceeds therefrom and providing for the collection and disposition of revenues from the sewer system of the Municipality and for the levy of a tax for the payment of principal thereof and interest thereon.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE TOWN OF MOUNT CARMEL, TENNESSEE, AS FOLLOWS:

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

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

(a) "Bonds" means an not to exceed aggregate amount of \$560,000 General Obligation Refunding Bonds of the Municipality authorized hereunder, to be dated their date of issuance, or having such series designation and such other dated date or such other designation as shall be determined by the Mayor pursuant to Section 10 hereof;

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

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

(d) "Debt Management Policy" means the Debt Policy approved by the Governing Body by Ordinance 11-367;

(e) "Gross Earnings" means all revenues, rentals, earnings and income of the System from whatever source, including all revenues derived from the operation of the System, including proceeds from the sale of property; proceeds of insurance and condemnation awards and compensation for damages, to the extent not applied to the payment of the cost of repairs, replacements and improvements; and all amounts realized from the investment of funds of the System, including money in any accounts and funds created by this resolution, and resolutions authorizing any Prior Lien Obligations and resolutions authorizing any Parity Bonds or subordinate lien bonds (excluding any investment earnings from funds created to refund any outstanding bonds of the System or deposited to a construction fund established by a resolution authorizing such bonds to the extent set forth in such resolution);

(f) "Financial Advisor" means Raymond James & Associates, Inc., Nashville, Tennessee;

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

(h) "Municipality" means the Town of Mount Carmel, Tennessee;

(i) "Net Revenues" means Gross Earnings of the System, less Current Expenses, excluding any profits or losses on the sale or other disposition, not in the ordinary course of business, or investments or fixed or capital assets;

(j) "Outstanding Bonds" means the Municipality's outstanding Sewer Revenue and Tax Refunding Bonds, Series 2003, dated July 15, 2003, maturing May 1, 2019, 2023, and 2027;

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

(l) "Prior Lien Obligations" means, to the extent outstanding at the time of issuance of the Bonds, any obligations with a lien on the Gross Earnings of the System, including, to the extent outstanding, a Loan Agreement with the Tennessee Local Development Authority maturing in 2020;

(m) "Refunded Bonds" mean the maturities and portions of maturities of the Outstanding Bonds designated for refunding pursuant to Section 10 hereof;

(n) "Registration Agent" means the Recorder of the Municipality; and

(o) "System" means the complete sewer system of the Municipality, together with, and including all sewer system properties of every nature hereafter owned by the Municipality, including all improvements and extensions made by the Municipality while the Bonds remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the sewer system, and including all appurtenances, contracts, leases, franchises and other intangibles.

SECTION 3. Findings of the Governing Body; Compliance with Debt Management Policy. (a) It is hereby found and determined by the Governing Body with respect to the issuance and sale of the Bonds and in accordance with the Municipality's Debt Management Policy that the issuance of the Bonds to refund the Outstanding Bonds is advisable because it will result in the reduction in debt service payable by the Municipality over the term of the Outstanding Bonds. The Governing Body finds that a savings threshold of not less than three percent (3.0%) should be met in order for the Bonds to be issued unless otherwise approved by the Mayor. The term of the refunding bonds is within the original term of the Outstanding Bonds. The Bonds authorized herein to refund the Outstanding Bonds will be structured so as not to materially extend beyond the original term of the Outstanding Bonds.

(b) 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. The estimated costs of issuance are attached are set forth in Appendix A to the Financial Advisory Agreement presented and attached hereto as Exhibit C. The foregoing estimates are subject to change pursuant to Section 10 hereof.

SECTION 4. Authorization and Terms of the Bonds.

(a) For the purpose of providing funds to (i) refund the Refunded Bonds and (ii) pay costs incident to the issuance and sale of the Bonds, there is hereby authorized to be issued general obligation refunding bonds of the Municipality in the aggregate principal amount of not to exceed \$560,000. The Bonds shall be issued as fully registered, certificated Bonds, shall be known as "General Obligation Refunding Bonds", shall be dated the date of issuance, and shall have such designation, such series designation, or such other dated date as shall be determined pursuant to Section 10 hereof. Subject to the adjustments permitted under Section 10, the Bonds shall bear interest at a rate or rates not to exceed the maximum rate permitted by applicable Tennessee law. The Bonds shall be issued initially in \$25,000 denominations or integral multiples of \$5,000 thereof, as shall be requested by the Purchaser thereof. Subject to the adjustments permitted pursuant to Section 10 hereof, the Bonds shall mature shall mature on May 1 of each year, subject to prior optional redemption as hereinafter provided, either serially or through mandatory redemption, in the years 2014 through 2027, inclusive. Attached hereto as Exhibit B is a preliminary debt service estimate of the amortization of the Bonds; provided, however, such amortization may be adjusted in accordance with Section 10 hereof.

(b) Subject to the adjustments permitted by Section 10 hereof, the Bonds shall be subject to redemption prior to maturity at the option of the Municipality, as a whole or in part, on or after May 1, 2024 at the redemption price of par plus accrued interest to the redemption date. If less than all of the Bonds shall be called for redemption, the interests 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 10 hereof, the Mayor is authorized to sell the Bonds, or any maturities thereof, as term bonds ("Term Bonds") with mandatory redemption requirements corresponding to the maturities established as set forth herein or as determined by the Mayor. In the event any or all the Bonds are sold as Term Bonds, the Municipality shall redeem Term Bonds on

redemption dates corresponding to the maturity dates established as set forth herein, in aggregate principal amounts equal to the maturity amounts established pursuant to Section 10 hereof for each redemption date, as such maturity amounts may be adjusted pursuant to Section 10 hereof, at a price of par plus accrued interest thereon to the date of redemption. The Term Bonds to be redeemed within a single maturity shall be selected in the manner described in subsection (b) above.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such mandatory redemption date, the Municipality may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Municipality on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Municipality shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

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

(e) The Governing Body hereby appoints the Recorder of the Municipality as the Registration Agent for the Bonds and hereby authorizes and directs the Registration Agent so appointed to maintain Bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance or upon transfer, to effect transfers of the Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Bonds as provided herein, to cancel and destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the Municipality at least annually a certificate of destruction with respect to Bonds canceled and destroyed, and to furnish the Municipality at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds.

(f) The Bonds shall be payable, both principal and interest, in lawful money of the United States of America at the main office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds by check or draft on each interest payment date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by depositing said payment in the United States mail, postage prepaid, addressed to such owners at their addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Municipality in respect of such Bonds to the extent of the payments so made. Payment of principal of 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.

(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 Municipality to the persons in whose names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Municipality shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the Municipality shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the Municipality of such Special Record Date and, in the name and at the expense of the Municipality, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the Municipality to punctually pay or duly provide for the payment of principal of 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; provided, however, the Mayor may provide that the Bonds are not transferable without the written consent of the Municipality. 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 \$25,000 denominations, or integral multiples of \$5,000 thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt

of instructions from the Municipality to call such Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bonds shall be overdue. The Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in any authorized denomination or denominations.

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

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

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

SECTION 5. Security and Source of Payment. The Bonds shall be payable primarily from and will be secured by a pledge of the Net Revenues to be derived from the operation of the System, subject to prior pledges of such Net Revenues in favor of Prior Lien Obligations; and in the event of a deficiency of such Net Revenues, the Bonds shall be secured by and payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the Municipality 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
TOWN OF MOUNT CARMEL, TENNESSEE
GENERAL OBLIGATION REFUNDING BOND, SERIES 2013

Interest Rate:

Maturity Date:

Date of Bond:

Registered Owner:

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS: That the Town of Mount Carmel, Tennessee, (the "Municipality"), a municipal corporation lawfully organized and existing in Hawkins County, Tennessee, for value received hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth [(or upon earlier redemption as set forth herein)], and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date [or redemption date,] said interest being payable on [May 1, 2014], and [semi-annually] thereafter on the first day of May and November 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 office of the Recorder of the Municipality, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond on each interest payment date directly to the registered owner hereof shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at such owner's address shown on said Bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the Municipality to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of [and premium, if any,] on this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

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

[The Bonds shall be subject to redemption prior to maturity at the option of the Municipality on May 1, 2024 and on any date thereafter, as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date. 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 by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine]

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

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

*maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the Municipality may (i) deliver to the Registration Agent for cancellation Bonds maturing _____ and _____, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation for any Bonds maturing _____ and _____, which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory redemption provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Municipality on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory redemption shall be accordingly reduced.]

[Notice of call for redemption[, whether optional or mandatory,] shall be given by the Registration Agent on behalf of the Municipality not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). The Registration Agent shall mail said notices as and when directed by the Municipality pursuant to written instructions from an authorized representative of the Municipality (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to

bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein.]

[This Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the principal corporate trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution, as hereafter defined, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made[, nor during a period following the receipt of instructions from the Municipality to call such Bond for redemption].

This Bond is one of a total authorized issue aggregating \$ _____ and issued by the Municipality for the purpose of providing funds to (i) refund the Municipality's outstanding Sewer Revenue and Tax Refunding Bonds, Series 2003, dated July 15, 2003, maturing May 1, 2019, 2023, and 2027; and (ii) 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 Mayor and Aldermen of the Municipality on _____, 2013 (the "Resolution").

This Bond is payable primarily from and secured by a pledge of the income and revenues to be derived from the operation of the Municipality's sewer system (the "System"), subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring said System and to prior pledges of such revenues in favor of the Municipality's outstanding, to the extent outstanding, [_____]. In the event of a deficiency in such revenues, this Bond is payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality. For the prompt payment of principal of and interest on this Bond, the full faith and credit of the Municipality 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, Municipality and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Bond during the period the Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bond in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

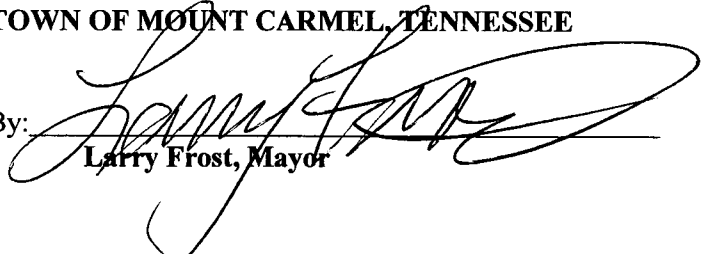
It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond,

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

IN WITNESS WHEREOF, the Municipality has caused this Bond to be signed by its Mayor with his manual [or facsimile] signature and attested by its Recorder with her manual [or facsimile] signature, all as of the date hereinabove set forth.

TOWN OF MOUNT CARMEL, TENNESSEE

By: _____


Larry Frost, Mayor

ATTESTED:



Marian Sandidge, Recorder

Transferable and payable at the
principal corporate trust office of:

Recorder of the Town of Mount Carmel, Tennessee

Date of Registration: _____

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

TENNESSEE

RECORDER OF THE TOWN OF MOUNT CARMEL,

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

SECTION 8. Equality of Lien; Prohibition of Prior Lien; Parity Bonds. The punctual payment of principal of and interest on the Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of number or time of sale or execution or delivery, and, subject to the payment of Prior Lien Obligations, the Net Revenues of the System are hereby irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due.

Except as hereinafter provided, the Municipality will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the Gross Earnings of the System on a parity with or having priority over the Bonds.

Additional bonds, notes and other debt obligations may hereafter be issued on a parity with the Bonds under the following conditions but not otherwise:

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

(b) Additional bonds, notes and other debt obligations may be issued on a parity with the Bonds if all of the following conditions are met:

(i) The Net Revenues of the System for any twelve (12) consecutive months during the eighteen (18) months immediately preceding the issuance of the additional bonds, notes and other debt obligations must have been equal to 1.20 times the maximum annual interest and principal requirements for any succeeding fiscal year on all bonds, notes and other debt obligations then outstanding payable from the Gross Earnings of the System (but excluding any bonds, notes and other debt obligations to be refunded from the proceeds of such bonds, notes and other debt obligations proposed to be issued) and the bonds, notes and other debt obligations so proposed to be issued; provided, however, that if prior to the authorization of such additional bonds, notes and other debt obligations the Municipality shall have adopted and put into effect a revised schedule of rates for the System or expanded the System (or will expand the System in connection with the issuance of the additional bonds) so that its capacity is increased, then the Net Revenues for the twelve (12) months of the eighteen (18) months immediately preceding the issuance of such additional bonds, notes and other debt obligations, as certified by an

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

(ii) No default in the payment of principal of and interest on the Bonds and any Parity Bonds shall have occurred; and

(iii) The proceeds of the additional bonds, notes or other debt obligations must be used solely for the making of improvements, extensions, renewals or replacements to the System, or to refund Bonds, any Parity Bonds or subordinate lien bonds or notes.

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

SECTION 10. Sale of Bonds.

(a) The Bonds may be sold at informal bid or negotiated sale by the Mayor, in consultation with the Financial Advisor, 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, as shall be determined by the Mayor in consultation with the Financial Advisor. No Bonds shall be sold at an interest rate exceeding the maximum rate permitted by law.

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

- (1) to change the dated date of the Bonds;
- (2) to establish a series designation and/or other designation of the Bonds, or any series thereof;
- (3) to change the first interest payment due on the Bonds to a date other than May 1, 2014, but in no event later than 12 months after the issuance of such Bonds and to change the intervals at which interest is paid;
- (4) decrease the total amount authorized to be issued herein in an amount necessary to maximize the objectives of refunding the Refunded Bonds and provide funds sufficient to pay principal and interest on the Refunded Bonds and the costs of issuance of the Bonds;
- (5) adjust the principal and interest payment dates and maturity amount of the Bonds, provided that (A) the total principal amount of the Bonds does not exceed

the total amount of Bonds authorized herein, as shall be adjusted pursuant to paragraph (4) above, and (B) the final maturity date of each series shall not exceed May 1, 2027;

- (6) to adjust or remove the optional redemption of the Bonds, provided that the premium amount to be paid on the Bonds or any series thereof does not exceed two percent (2%) of the principal amount thereof or to remove the Municipality's optional redemption provisions with respect to any series of Bonds;
- (7) to sell the Bonds, or any maturities thereof, as serial Bonds or Term Bonds with mandatory redemption requirements as determined by the Mayor, as he shall deem most advantageous to the Municipality; and
- (8) to provide for the transferability or restrictions on transferability of the Bonds.

(c) If the Bonds are sold at informal bid, the Mayor is authorized to award the Bonds to the bidder whose bid results in the lowest true interest cost to the Municipality, provided the rate or rates on the Bonds do not exceed the maximum rate permitted by applicable Tennessee law. The award of the Bonds by the Mayor to the lowest bidder shall be binding on the Municipality, and no further action of the Governing Body with respect thereto shall be required. If sold at negotiated sale, the Mayor is authorized to sell the Bonds to the Purchaser and execute such agreements in connection therewith that are consistent with the terms of this Resolution.

(d) The Mayor and the Recorder, or either of them, are authorized to cause the Bonds to be authenticated and delivered by the Registration Agent to the original purchaser and to execute, publish, and deliver all certificates and documents, including an award certificate or purchase agreement, and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Bonds. The form of the Bond set forth in Section 6 hereof shall be conformed to reflect any changes made pursuant to this Section 10 hereof.

(e) The Mayor and the Recorder, or either of them, are authorized to enter into a contract with the Financial Advisor, for financial advisory services including in connection with the sale of the Bonds in substantially the form attached hereto as Exhibit C and to enter into an engagement with Bass, Berry & Sims PLC to serve as bond counsel in connection with issuance of the Bonds in substantially the form attached hereto as Exhibit D.

SECTION 11. Disposition of Bond Proceeds. The proceeds of the sale of the Bonds shall be applied by the Municipality as follows:

(a) all accrued interest, if any, shall be deposited to the appropriate fund of the Municipality 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 Municipality, if any, will be sufficient to pay principal of and premium and interest on the Refunded Bonds, shall be (i) paid to the paying agent for the Refunded Bonds on the date of issuance of the Bonds or as soon as practicable thereafter; or (ii) transferred to an escrow agent under the refunding escrow agreement, in a form satisfactory to the Mayor and the escrow agent, to be deposited to the escrow fund established thereunder, to be held and applied as provided therein;

(c) pay costs of issuance of the Bonds; and

(d) remaining funds, if any, shall be paid to the Recorder and shall be used to pay interest on the Bonds on the first interest payment date following delivery of the Bonds.

SECTION 12. Arbitrage. The Municipality recognizes that the purchasers and owners of the Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon is excludable from gross income for purposes of federal income taxation under laws in force on the date of delivery of the Bonds. In this connection, the Municipality agrees that it shall take no action which may cause the interest on any of said Bonds to be included in gross income for federal income taxation. It is the reasonable expectation of the Governing Body of the Municipality that the proceeds of the Bonds will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Bonds and other related funds established for the purposes herein set out shall be used and spent expeditiously for the purposes described herein. The Governing Body further covenants and represents that in the event it shall be required by Section 148(f) of the Code to pay any investment proceeds of the Bonds to the United States government, it will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Bonds from being included in gross income for federal income tax purposes. The Mayor and the Recorder, or either of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as any of them shall deem appropriate, and such certifications shall constitute a representation and certification of the Municipality. Following the issuance of the Bonds, the Recorder is directed to administer the Municipality's Federal Tax Compliance Policies and Procedures with respect to the Bonds.

SECTION 13. Notice of Redemption. The Mayor and the Recorder, or either of them, are hereby authorized and directed to take all steps necessary to redeem the Refunded Bonds at their earliest possible redemption date, including the giving of and publication of any redemption notice as required by the resolution authorizing the issuance of the Refunded Bonds or to cause such notice and publication to be given.

SECTION 14. Discharge and Satisfaction of Bonds. If the Municipality shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways:

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

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

(c) By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the Municipality shall also pay or cause to be paid all other sums payable hereunder by the Municipality with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements

and obligations of the Municipality to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

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

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

SECTION 15. Qualified Tax-Exempt Obligations. The Governing Body hereby designates the Bonds as "qualified tax-exempt obligations", within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended, if and to the extent the Bonds may be so designated and to the extent not "deemed designated".

SECTION 16. Resolution a Contract. The provisions of this resolution shall constitute a contract between the Municipality and the registered owners of the Bonds, and after the issuance of the Bonds, no change, variation or alteration of any kind in the provisions of this resolution shall be made in any manner until such time as the Bonds and interest due thereon shall have been paid in full.

SECTION 17. 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 18. Repeal of Conflicting Resolutions. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed.

SECTION 19. Effective Date. That this resolution shall take effect from and after its passage, the general welfare of the Municipality, requiring it.

Adopted and approved on this 26th day of November, 2013.



Larry Frost, Mayor



Marian Sandidge, Recorder

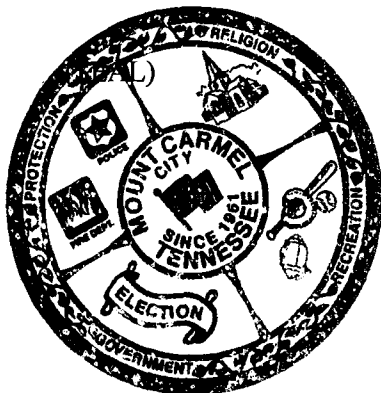
STATE OF TENNESSEE)

HAWKINS COUNTY)

I, Marian Sandidge, certify that I am the duly qualified and acting Recorder of the Town of Mount Carmel, Tennessee ("Municipality"), and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of November 26, 2013 of the governing body of the Municipality; 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 aggregate principal amount not to exceed \$560,000 General Obligation Refunding Bonds of said Municipality.

WITNESS my official signature and seal of said Municipality this 26th day of Nov., 2013.


Marian Sandidge, Recorder



Motion: Vice-Mayor Paul Hale

Second: Alderman Eugene Christian

FIRST READING	AYES	NAYS	OTHER
Alderman Eugene Christian	X		
Alderman Wanda Davidson			ABSENT
Alderman Leann DeBord			ABSENT
Alderman Frances Frost	X		
Alderman Carl Wolfe	X		
Vice-Mayor Paul Hale	X		
Mayor Larry Frost	X		
TOTALS	5	0	2

Passed: November 26, 2013

REPORT OF STATE DIRECTOR ON PLAN OF REFUNDING



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

November 18, 2013

Honorable Larry Frost, Mayor
Board of Mayor and Aldermen
Town of Mount Carmel
P.O. Box 1421
Mount Carmel, TN 37645

Dear Mayor Frost and the Board of Mayor and Aldermen:

This letter acknowledges receipt of a plan of refunding (the "Plan") on November 6, 2013. The Town requests a review of the Plan for the issuance of an amount not to exceed \$560,000 Sewer Revenue and Tax Refunding Bonds, Series 2013 (Bank Qualified/Tax Exempt) (the "Series 2013 Refunding Bonds"), to current refund by private negotiated sale an estimated \$535,000 of Sewer Revenue and Tax Refunding Bonds, Series 2003 (the "Refunded Bonds").

Pursuant to the provisions of Title 9, Chapter 21, Tennessee Code Annotated, a plan must be submitted to our Office for review prior to the adoption of a resolution by the governing body of a local government authorizing the issuance of refunding bonds secured, in whole or in part, by the full faith and credit and unlimited taxing power of the Town. The information presented in the Plan includes the assertions of the Town and may not reflect either current market conditions or market conditions at the time of sale.

TOWN'S PROPOSED REFUNDING OBJECTIVE

The Town indicated in its Plan that the purpose of the refunding is to achieve annual debt service savings. The proposed refunding produces net present value savings of \$63,399 or 11.85% of the Refunded Bonds principal of \$535,000. Interest expense is reduced from \$177,556 for the Refunded Bonds to \$93,766 for the Series 2013 Refunding Bonds.

COMPLIANCE WITH THE TOWN'S DEBT MANAGEMENT POLICY

The Town provided a copy of its debt management policy. A specific description of how the debt complies with the Town's debt policy should be included on the form CT-0253 to be submitted within 45 days of issuance of the debt referenced in this letter. If the Town amends its policy please send a copy of the amended policy.

Municipal Securities Rule Making Board Notice 2011-52 on "Bank Loans" and Voluntary Disclosure

The MSRB released a regulatory notice; MSRB Notice 2011-52, providing guidance on the use of "bank loans" that could be a private placement of municipal securities subject to specific regulatory requirements including

disclosure. This Guidance may impact the Town's Policy and may require amendment of the Policy. This Notice also encourages the voluntary disclosure of bank loan financing information through the MSRB's Electronic Municipal Market Access (EMMA®) website (emma.msrb.org). To learn more about this guidance and how it may apply to the Town, read the information posted at www.msrb.org/Market-Topics/Bank-Loans.aspx.

MSRB Rule G-17

MSRB Rule G-17 requires underwriters and municipal advisors to deal fairly with the Town in the conduct of its municipal securities or municipal advisory activities. MSRB Notice 2012-25 on the duties of underwriters to issuers of municipal securities was approved by the Securities and Exchange Board on May 4, 2012. On August 2, 2012, this interpretive notice to MSRB Rule G-17 on fair dealing became part of federal securities law and underwriters are required to comply with its provisions.

These duties fall into three areas:

- statements and representations to issuers;
- disclosures to issuers; and
- financial aspects of underwriting transactions.

To learn more about the obligations of the Town's underwriter and municipal advisor have to it based on these duties please read the information posted on the MSRB website: www.msrb.org.

PRIVATE NEGOTIATED SALE APPROVAL

The approval of the Office of State and Local Finance is required when a municipality desires to sell refunding General Obligation bonds through a negotiated sale process. The Town has requested approval to sell the Refunding Bonds through negotiated sale.

This letter constitutes approval to negotiate the sale of the Refunding Bonds, conditioned upon the requirement that the bonds are sold with the debt service payment schedule having the same principal repayment schedule as presented in the plan or the principal repayment schedule is accelerated.

REPORT OF THE REVIEW OF A PLAN OF REFUNDING

This letter, report, and the Plan are to be placed on the Town's website. The same report is to be provided to each member of the Town's Board and reviewed at the Public Meeting at which the proposed refunding bond resolution will be presented as required by Tennessee Code Annotated Section 9-21-903.

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 enclosed report do not address compliance with federal tax regulations and are not to be relied upon for that purpose. The Town should discuss these issues with a bond counsel or tax attorney.

This report is effective for a period of one hundred 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

November 18, 2013
Letter to Town of Mount Carmel

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 further refunding report 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 a revised State Form CT-0253, Report on Debt Obligation. Pursuant to Tennessee Code Annotated Section 9-21-151, this form is to be completed and filed with the governing body of the public entity issuing the debt no later than forty-five (45) 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. No public entity may enter into additional debt if it has failed to file the Report on Debt Obligation.

Sincerely,



Sandra Thompson
Director of the Office of State & Local Finance

Cc: Mr. Jim Arnette, Director of Local Government Audit, COT
Mr. Rick Dulaney, Raymond James & Associates, Inc.
Ms. Karen Neal, Esq., Bass Berry & Sims

Enclosures (2): Report of the Director of the Office of State & Local Finance
State Form CT-0253, 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 2013
TOWN OF MOUNT CARMEL, TENNESSEE**

The Town of Mount Carmel (the "Town") submitted a plan of refunding (the "Plan"), as required by Tennessee Code Annotated Section 9-21-903 regarding the issuance of an amount not to exceed \$560,000 Sewer Revenue and Tax Refunding Bonds, Series 2013 (Tax-Exempt/Bank Qualified) (the "Series 2013 Refunding Bonds") to current refund by private negotiated sale an estimated \$535,000 of Sewer Revenue and Tax Refunding Bonds, Series 2003, dated July 15, 2003 (the "Refunded Bonds").

Pursuant to the provisions of Title 9, Chapter 21, Tennessee Code Annotated, a plan must be submitted to our Office for review prior to the adoption of a resolution by the governing body of a local government authorizing the issuance of refunding bonds secured, in whole or in part, by the full faith and credit and unlimited taxing power of the Town. The information presented in the Plan includes the assertions of the Town and may not reflect either current market conditions or market conditions at the time of sale.

The Plan was prepared with the assistance of the Town's municipal advisor, Raymond James & Associates, Inc. The information presented in the Plan includes the assertions of the Town and may not reflect either current market conditions or market conditions at the time of sale.

Refunding Analysis

The Town indicated in its Plan that the purpose of the refunding is to achieve annual debt service savings. The proposed refunding produces net present value savings of \$63,399 or 11.85% of the Refunded Bonds principal of \$535,000. Interest expense is reduced from \$177,556 for the Refunded Bonds to \$93,766 for the Refunding Bonds.

- The results for the refunding are based on the assumption that an estimated \$545,000 of Series 2013 Refunding Bonds will be sold by private negotiated sale as a bank loan priced at par.
- The savings are generated by reducing the average coupon of the Refunded Bonds from 4.35% to an average coupon of 2.36% for the Series 2013 Refunding Bonds.
- The final maturity for both the Refunded Bonds and Series 2013 Refunding Bonds is May 1, 2027.
- Estimated cost of issuance of the Series 2013 Refunding Bonds is \$8,000 or \$14.67 per \$1,000 of par amount of the Refunding Bonds.

Table 1
Costs of Issuance of Series 2014 Refunding Bonds

	Amount	Price per \$1,000 bond
Financial Advisor (Raymond James & Associates, Inc.)	\$ 5,000.00	\$ 9.17
Bond Counsel (Bass, Berry & Sims)	3,000.00	5.50
Total Cost of Issuance	\$ 8,000.00	\$ 14.67

The Town has identified Raymond James & Associates, 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 Town. The assumptions included in the Town's Plan may not reflect either current market conditions or market conditions at the time of sale.

EXHIBIT B

PROPOSED AMORTIZATION SCHEDULE

Estimated Costs of Issuance are Reflected on Appendix A to Exhibit C

Date	Principal	Coupon	Interest	Total P+I
06/30/2014	30,000.00	2.360%	5,653.51	35,653.51
06/30/2015	35,000.00	2.360%	12,508.00	47,508.00
06/30/2016	35,000.00	2.360%	11,682.00	46,682.00
06/30/2017	40,000.00	2.360%	10,856.00	50,856.00
06/30/2018	40,000.00	2.360%	9,912.00	49,912.00
06/30/2019	40,000.00	2.360%	8,968.00	48,968.00
06/30/2020	40,000.00	2.360%	8,024.00	48,024.00
06/30/2021	40,000.00	2.360%	7,080.00	47,080.00
06/30/2022	40,000.00	2.360%	6,136.00	46,136.00
06/30/2023	40,000.00	2.360%	5,192.00	45,192.00
06/30/2024	45,000.00	2.360%	4,248.00	49,248.00
06/30/2025	45,000.00	2.360%	3,186.00	48,186.00
06/30/2026	45,000.00	2.360%	2,124.00	47,124.00
06/30/2027	45,000.00	2.360%	1,062.00	46,062.00
Total	\$560,000.00	-	\$96,631.51	\$656,631.51

EXHIBIT C
FORM OF FINANCIAL ADVISORY AGREEMENT
FINANCIAL ADVISORY AGREEMENT
BETWEEN
THE TOWN OF MOUNT CARMEL, TENNESSEE
AND
RAYMOND JAMES & ASSOCIATES, INC.

THIS FINANCIAL ADVISORY AGREEMENT (the "Agreement") by and between the Town of Mount Carmel, Tennessee (hereinafter referred to as the "Town") and Raymond James & Associates, Inc., advisors on municipal finance, located at One Burton Hills Boulevard – Suite 225 Nashville, Tennessee 37215 - 6299 (hereinafter referred to as the "Financial Advisor" or "Raymond James", as defined herein).

WITNESSETH

WHEREAS, from time-to-time, the Town provides various public improvements for general purpose Town government and its various enterprise activities and from time-to-time, may consider refinancing certain existing debt obligations; and

WHEREAS, the Town is currently considering the issuance of not to exceed \$545,000* General Obligation Refunding Bonds, Series 2013 (the "Bonds") to be sold for the purpose of financing costs associated with the (i) the current refunding of the remaining maturities of the Town's outstanding \$1,495,000 Sewer Revenue and Tax Refunding Bonds, Series 2003 dated July 15, 2003 (the "Outstanding Bonds"); and (ii) payment of legal, fiscal and other costs incident to the sale and issuance of the Bonds; and

WHEREAS, from time-to-time the Board of Mayor and Alderman (the "Board") and other officials of the Town also may need assistance in developing financial plans that address funding strategies for the implementation of its annual capital improvement program and the funding of certain capital projects approved by the Board; and

WHEREAS, the Town desires that the most complete and accurate economic and financial information possible be provided its officials, potential bidders and ultimate investors in its debt obligations; and

WHEREAS, due to the rapid changes in financing methods, the complexity of laws governing such financings and the specialization that is required to remain informed and up-to-date, the Town desires a recognized financial advisor be retained in the structuring and marketing of its debt obligations; and

WHEREAS, the Financial Advisor and its representatives are properly and legally authorized and licensed by the appropriate regulatory authorities to provide financial advisory services contemplated by this Agreement; and

WHEREAS, pursuant to its *Debt Management Policy* and other legal authorities, the Town is authorized to engage a financial advisor to assist in the financing or refinancing of certain obligations; and

NOW, THEREFORE, in consideration of these premises and the mutual covenants herein contained, it is hereby agreed by and between the Town and the Financial Advisor that:

Section 1. The Financial Advisor, working with the Mayor, Town Recorder, Town Attorney and other Town officials and employees, independent Bond Counsel to the Town, and other such independent consultants or consulting engineers that may be engaged by the Town from time-to-time shall assist in the development of a plan or plans for the financing of projects or refinancings contemplated through the issuance of the Bonds.

Section 2. In the development of the financing plan, the Financial Advisor will survey the financial resources of the Town to determine its borrowing capacity and analyze its existing debt structure compared to existing and projected sources of revenues which may be pledged to secure payment of the debt service on the proposed Bonds. Such studies will also include a complete analysis of the existing indebtedness of the Town to determine the most practical, economical way to fund the transaction and secure the Bonds.

Section 3. Based on the information developed by or other information available to it, the Financial Advisor will submit its recommendations regarding the structure, security and method of sale for the Bonds. The Financial Advisor's recommendation will include among other things, a schedule of principal maturities, options of prior payment and the necessary security provisions designed to make the transaction attractive to potential investors. All recommendations will be based on the Financial Advisor's experience

as to how the Bonds can best be sold under terms most advantageous to the Town and at the lowest true interest cost.

Section 4. In preparing the plan of financing and in all other services rendered by the Financial Advisor under this Agreement, it is hereby understood that the Financial Advisor may rely upon any written data or reports furnished by the Town or its authorized representatives. The Town agrees to make available to the Financial Advisor any data, reports, or personnel for conferences and consultations as may be necessary for the formulation and execution of the financing plan.

Section 5. The Financial Advisor will assist the Municipality in the preparation and submission of a *Plan of Refunding* to the Tennessee Comptroller of the Treasury and more specifically to the Director of State and Local Finance (the "State Director") in that office for review as required by Section 9-21-903, *Tennessee Code Annotated*, as amended and current regulations promulgated by the State Funding Board and other guidance provided by the State Director. The *Plan of Refunding* shall include, but not be limited to, a computation of projected costs and/or savings, a narrative description of the transaction including the history of transactions included in the *Plan of Refunding* and other required supporting schedules.

Section 6. The Financial Advisor will advise on current market conditions, forthcoming bond and note issues, federal tax law considerations and other general information and economic data which normally could influence interest rates or other bidding conditions, so that the date of the competitive public sale of the Bonds can be scheduled for a time which, in consultation with Town officials and in the Financial Advisor's professional opinion, will be most favorable to the Town.

Section 7. The Financial Advisor will submit a transcript of the entire proceedings related to the transaction to a firm of nationally recognized bond attorneys, selected by the Town for their approving legal opinion on the Bonds offered for sale. It is acknowledged that the Town has selected Bass, Berry & Sims, PLC, Nashville, Tennessee, a firm of nationally recognized bond attorneys to solely represent it as bond counsel for this transaction. It is further understood and acknowledged that Bass, Berry & Sims PLC may have represented Raymond James or its former affiliates on legal matters unrelated to the Town and may do so again in the future. For this engagement however, it is understood by the Financial Advisor and the Town that Bass, Berry & Sims PLC will represent the Town solely as its bond counsel. Separately, Bass, Berry & Sims PLC

will provide the Town with a separate engagement letter outlining the scope of their services and their fees related to the Bonds.

Section 8. The Financial Advisor shall work with Bond Counsel and Town officials to ensure that all the necessary notices, resolutions and other required proceedings are appropriately prepared and presented for consideration and adoption in preparation for the sale and issuance of the Bonds.

Section 9. The Financial Advisor will assure that appropriate forms, notices, advertisements, etc. concerning the sale and issuance of the Bonds are prepared and published by traditional, electronic or other appropriate means as required by law.

Section 10. The Financial Advisor will be available at reasonable times to answer questions, provide information and guidance to Town officials, other transaction participants and prospective purchasers for the Bonds.

Section 11. The Financial Advisor will develop a process to informally solicit interest from prospective purchasers and to assist and advise officials of the Town in receiving proposals for the Bonds. The Financial Advisor will also analyze proposals received to assure their compliance with the requirements of the bond resolution and other requirements imposed by Tennessee and Federal law. In addition, the Financial Advisor will assist and advise Town officials regarding the award or rejection of bids for the Bonds.

Section 12. The Financial Advisor will supervise and coordinate all closing proceedings in order to assure the quickest possible delivery of the Bonds to the purchasers including the acquisition and delivery of certificates or other evidence of indebtedness to the purchasers of the Bonds.

Section 13. After the sale, the Financial Advisor will deliver to the Town and Bond Counsel, a "*Final Financing Report*" including a schedule of debt service requirements for the Bonds and other financial schedules pertinent to the transaction.

Section 14. The Financial Advisor will calculate the "Bond Yield" according to the arbitrage provisions of the Internal Revenue Code of 1986, as amended and revised and will advise the Town and Bond Counsel of such yield prior to closing.

Section 15. In corporation with Bond Counsel, the Financial Advisor will assist in the preparation of State Form CT-0253, "Report on Debt Obligations" for execution and presentation to the Board prior to submission by Bond Counsel to the State Comptroller's Office pursuant to Section 9-21-151, *Tennessee Code Annotated* and regulations promulgated by the State Funding Board of the State of Tennessee. Also pursuant to applicable rules, the final State Form CT-0253 will be delivered to the State Comptroller's Office within forty-five (45) days after the issuance of the Bonds.

Section 16. The Financial Advisor will assure that an appropriate Form 8038-G ("Information Return for Tax-Exempt Governmental Bond Issues") relating to the sale and issuance of the Bonds is prepared and filed with the United States Department of the Treasury, Internal Revenue Service on or before the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued to assure the appropriate tax-exempt status of the Bonds.

Section 17. The Town agrees that in consideration for services rendered by the Financial Advisor, it shall pay or cause to be paid an aggregate fee for all services rendered in support of the transaction as set forth in Section 18. Such aggregate fee will include the payment of all expenses incurred with respect to the sale and issuance of the Bonds (see Appendix A). The aggregate fee (including expenses) is estimated to be approximately \$8,000 although such estimated costs are subject to adjustment and revision based on actual services rendered, fee quotations, bids received, etc. Included within the aggregate estimated fees and expenses is the basic Financial Advisory fee paid to Raymond James which shall be an amount of not to exceed \$5,000. This Financial Advisory fee only shall be paid to the Financial Advisor if the Bonds are sold and only upon the successful issuance and delivery of the Bonds. However, other incurred costs associated with the transaction may be payable whether or not the Bonds are not sold and issued. Furthermore, it is agreed that any Financial Advisory fee earned accrues to the benefit of Raymond James's Public Finance and Debt Investment Banking Division. Raymond James's Fixed Income Capital Markets Division and any of its other divisions may also benefit in the future from fees and commissions earned from open market, secondary trading of and market making activities for the Bonds and for future debt obligations of the Town.

Section 18. From its fee, the Financial Advisor shall be responsible for paying its own computer expenses and personnel costs, but the Financial Advisor shall be reimbursed for costs for reproduction, graphics, postage and overnight delivery and any other miscellaneous costs such as CUSIP Bureau fees incurred in serving the Town. Local travel costs of the Financial Advisor shall be its responsibility, but all travel expenses to locations other than the Town shall be reimbursed at actual costs or in conformance with the Town's official travel policy, whichever is less. As shown in Appendix A which depicts the details related to the estimated aggregate fee, the Town will be responsible for all normal debt issuance costs and fees including, but not limited to, Bond Counsel fees and expenses and all legally required publication costs. In addition, the Town shall be responsible directly for all compensation fees not enumerated, including, but not limited, to those due (if any) to the Town Attorney.

Section 19. The Town recognizes that the Raymond James on occasion assists local jurisdictions in the investment of idle funds and other financial services. In instances where Raymond James serves in other capacities, separate compensation for such services may be merited. Raymond James is involved in a wide range of activities from which conflicting interests or duties may arise. Information which is held elsewhere within Raymond James, but of which none of the representatives of the Financial Advisor are involved in providing the services contemplated by this Agreement actually have knowledge, will not for any purpose be taken into account in determining the Financial Advisor's responsibilities to you under this Agreement.

Section 20. Both parties acknowledge and agree that the Financial Advisor is acting solely as a Financial Advisor with respect to the Bonds. The Financial Advisor's engagement is limited to providing financial advisory services with respect to the Bonds. The Financial Advisor has not been engaged to compare alternatives to the Bonds for this or other transactions. The Financial Advisor is not a fiduciary of any other party to the transaction and will be neither party to, nor liable under, any contract, agreement, or understanding executed or otherwise existing to affect the Bonds. The Financial Advisor will not provide any assurances that (i) any investment made in connection with the Bonds or otherwise during the engagement is the best possible investment available for the Town's situation or that every possible alternative or provider has been considered and/or solicited; (ii) investigate the veracity of any certifications provided by any party; (iii) provide legal or accounting assurance that any matter or procedure complies with any applicable law; or (iv) be liable to any party if any of the Bonds or if an investment fails to close or for default of same. The Financial Advisor's limited engagement

expires on the termination of this Agreement and the Financial Advisor shall have no duties or obligations thereafter.

Section 21. If any section, paragraph or provision of this Agreement 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 Agreement.

Section 22. From the date of its execution, this Agreement shall replace any and all existing agreements that may exist in their entirety and any such existing agreements shall cease to exist and are null and void.

Section 23. This Agreement will terminate thirty days after settlement resulting in the delivery of the Bonds to the successful bidder and cash to the Town.

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RAYMOND JAMES & ASSOCIATES, INC.

Richard T. Dulaney, Managing Director
Public Finance // Debt Investment Banking

Date: _____

APPROVED:

Larry Frost, Mayor
Town of Mount Carmel, Tennessee

Date _____

APPENDIX A
TOWN OF MOUNT CARMEL, TENNESSEE
General Obligation Refunding Bonds, Series 2013

Consistent with the Town's formally adopted *Debt Management Policy*, in the interest of full transparency and with the terms of the Financial Advisory Agreement, the following disclosure is made with respect to the sale and issuance of the afore captioned Bonds.

The services, service providers and estimated costs related to the sale and issuance of the Bonds in one or

<u>Service</u>	<u>Provider</u>	<u>Estimated Total⁽¹⁾</u>
Financial Advisor:	Raymond James & Associates, Inc.	\$5,000
Bond Counsel:	Bass, Berry & Sims PLC	<u>3,000</u>
Total:		<u>\$8,000</u>

more series are as follows:

A State Form CT-0253 depicting the actual costs of issuance and actual underwriter's compensation will be prepared and executed at closing and delivery of the Bonds, presented to the Board at their next scheduled meeting following the delivery of the Bonds and filed with the Director of State and Local Finance in the Tennessee Comptroller of the Treasury's Office by Bond Counsel in a timely fashion as required by prevailing State law.

⁽¹⁾ Best estimate based on initial discussions regarding scope and transaction size. Subject to adjustment and revision based on invoices, etc.

EXHIBIT D

FORM OF ENGAGEMENT LETTER OF BOND COUNSEL

_____, 2013

Town of Mount Carmel, Tennessee
100 East Main Street
Mount Carmel, Tennessee 37645
Attention: Larry Frost, Mayor

**Re: Issuance of Approximately \$560,000 in Aggregate Principal Amount of
General Obligation Refunding Bonds.**

Dear Mayor Frost:

The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as bond counsel to the Town of Mount Carmel, Tennessee (the "Issuer"), in connection with the issuance of the above-referenced bonds (the "Bonds"). We understand that the Bonds are being issued for the purpose of providing funds necessary to refinance all or a portion of certain of the Issuer's outstanding bonds and to pay costs of issuance of the Bonds, as more fully set forth in the resolution adopted by the Board of Mayor and Aldermen on _____, 2013. We further understand that the Bonds will be sold at informal bid or negotiated sale.

SCOPE OF ENGAGEMENT

In this engagement, we expect to perform the following duties:

1. Subject to the completion of proceedings to our satisfaction, render our legal opinion (the Bond Opinion) regarding the validity and binding effect of the Bonds, the source of payment and security for the Bonds, and the excludability of interest on the Bonds from gross income for federal income tax purposes.
2. Prepare and review documents necessary or appropriate for the authorization, issuance and delivery of the Bonds, coordinate the authorization and execution of such documents, and review enabling legislation.
3. Assist the Issuer in seeking from other governmental authorities such approvals, permissions and exemptions as we determine are necessary or appropriate in connection with the authorization, issuance, and delivery of the Bonds, except that we will not be responsible for any required blue-sky filings.
4. Review legal issues relating to the structure of the Bond issue.
5. Draft those sections of the official statement to be disseminated in connection with the sale of the Bonds, describing the Bond Opinion, the terms of and security for the Bonds, and the treatment of the Bonds and interest thereon under state and federal tax law.
6. Assist the Issuer in presenting information to bond rating organizations and providers of credit enhancement relating to legal issues affecting the issuance of the Bonds, if requested.

7. Prepare and review the notice of sale pertaining to the informal bid of the Bonds, if any, and review the bond purchase agreement, if sold at negotiated sale.

Our Bond Opinion will be addressed to the Issuer and will be delivered by us on the date the Bonds are exchanged for their purchase price (the "Closing").

The Bond Opinion will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the Issuer with applicable laws relating to the Bonds. During the course of this engagement, we will rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the Bonds and their security. We understand that you will direct members of your staff and other employees of the Issuer to cooperate with us in this regard.

Our duties in this engagement are limited to those expressly set forth above. Among other things, our duties do not include:

- a. Except as described in paragraph (5) above,
 - 1) Assisting in the preparation or review of an official statement or any other disclosure document with respect to the Bonds, or
 - 2) Performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document, or
 - 3) Rendering advice that the official statement or other disclosure documents
 - a) Do not contain any untrue statement of a material fact or
 - b) Do not omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.
- b. Preparing requests for tax rulings from the Internal Revenue Service, or no action letters from the Securities and Exchange Commission.
- c. Preparing blue sky or investment surveys with respect to the Bonds.
- d. Drafting state constitutional or legislative amendments.
- e. Pursuing test cases or other litigation, (such as contested validation proceedings).
- f. Making an investigation or expressing any view as to the creditworthiness of the Issuer or the Bonds.
- g. Assisting in the preparation of, or opining on, a continuing disclosure undertaking pertaining to the Bonds or, after Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking.
- h. Representing the Issuer in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.

- i. Addressing any other matter not specifically set forth above that is not required to render our Bond Opinion.

ATTORNEY-CLIENT RELATIONSHIP

Upon execution of this engagement letter, the Issuer will be our client and an attorney-client relationship will exist between us. We assume that all other parties will retain such counsel as they deem necessary and appropriate to represent their interests in this transaction. We further assume that all other parties understand that in this transaction we represent only the Issuer, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as bond counsel are limited to those contracted for in this letter; the Issuer's execution of this engagement letter will constitute an acknowledgment of those limitations. Our representation of the Issuer will not affect, however, our responsibility to render an objective Bond Opinion. Please note that, in our representation of the Issuer, we will not act as a "municipal advisor", as such term is defined in the Securities Exchange Act of 1934, as amended.

Our representation of the Issuer and the attorney-client relationship created by this engagement letter will be concluded upon issuance of the Bonds. Nevertheless, subsequent to Closing, we will mail the appropriate Internal Revenue Service Forms 8038-G, and prepare and distribute to the participants in the transaction a transcript of the proceedings pertaining to the Bonds.

As you are aware, our firm represents many political subdivisions, companies and individuals. It is possible that during the time that we are representing the Issuer, one or more of our present or future clients will have transactions with the Issuer. It is also possible that we may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of the Bonds. We do not believe such representation, if it occurs, will adversely affect our ability to represent you as provided in this letter, either because such matters will be sufficiently different from the issuance of the Bonds as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Bonds. Our firm represents Raymond James & Associates, Inc. in matters unrelated to the Bonds. We believe this representation fits within the foregoing description. Execution of this letter will signify the Issuer's consent to such representation of Raymond James & Associates, Inc. and to our representation of others consistent with the circumstances described in this paragraph.

FEES

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Bonds; (ii) the duties we will undertake pursuant to this engagement letter; (iii) the time we anticipate devoting to the financings; and (iv) the responsibilities we will assume in connection therewith, we estimate that our fee will be \$3,000 for the Bonds. Our fees may vary: (a) if the principal amount of Bonds actually issued differs significantly from the amounts stated above; (b) if material changes in the structure or schedule of the respective financings occur; or (c) if unusual or unforeseen circumstances arise which require a significant increase in our time or responsibility. If, at any time, we believe that circumstances require an adjustment of our original fee estimates, we will advise you and prepare and provide to you an amendment to this engagement letter. The fees quoted above will include all out-of-pocket expenses advanced for your benefit, such as travel costs, photocopying, deliveries, long distance telephone charges, telecopier charges, filing fees, computer-assisted research and other expenses.

If, for any reason, the financing represented by the Bonds is completed without the delivery of our Bond Opinion as bond counsel or our services are otherwise terminated, we will expect to be

compensated at our normal rates for the time actually spent on your behalf plus client charges as described above unless we have failed to meet our responsibilities under this engagement, but in no event will our fees exceed \$3,000.

RECORDS

At your request, papers and property furnished by you will be returned promptly upon receipt of payment for outstanding fees and client charges. All goods, documents, records, and other work product and property produced during the performance of this engagement are deemed to be Issuer's property. We agree to maintain documentation for all charges against the Issuer. Our books, records, and documents, insofar as they relate to work performed or money received under this engagement, shall be maintained for a period of three (3) full years from the respective Closings and will be subject to audit, at any reasonable time and upon reasonable notice by the Issuer or its duly appointed representatives.

OTHER MATTERS

We have not retained any persons to solicit or secure this engagement from the Issuer upon an agreement or understanding for a contingent commission, percentage, or brokerage fee. We have not offered any employee of the Issuer a gratuity or an offer of employment in connection with this engagement and no employee has requested or agreed to accept a gratuity or offer of employment in connection with this engagement.

Any modification or amendment to this Engagement Letter must be in writing, executed by us and contain the signatures of the Issuer. The validity, construction and effect of this Engagement Letter and any and all extensions and/or modifications thereof shall be governed by the laws of the State of Tennessee. Any action between the parties arising from this Engagement Letter shall be maintained in the state or federal courts of Davidson Municipality, Tennessee.

CONCLUSION

If the foregoing terms are acceptable to you, please so indicate by returning the enclosed copy of this engagement letter dated and signed by an authorized officer, retaining the original for your files. We look forward to working with you.

**TOWN OF MOUNT CARMEL,
TENNESSEE:**

BASS, BERRY & SIMS PLC:

By: _____
Larry Frost, Mayor

By: _____
Karen Neal, Member

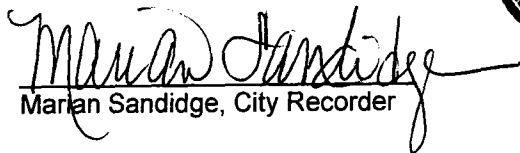
CERTIFICATION

The undersigned hereby certifies that the attached **Resolution 13-510** was duly adopted at a meeting of the Mount Carmel Board of Mayor and Aldermen held on **November 26, 2013**, which meeting was duly and properly convened and a quorum was present throughout such meeting; and such **Resolution** has not been repealed, amended or otherwise altered as of this date.

Dated: Tuesday, November 26, 2013

Attest:




Marian Sandidge, City Recorder

KINGSPORT TIMES-NEWS

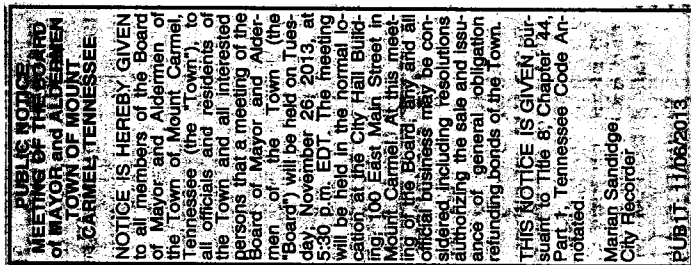
PUBLICATION CERTIFICATE

Kingsport, TN 11/6/13

This is to certify that the Legal Notice hereto attached was published in the Kingsport Times-News, a daily newspaper published in the City of Kingsport, County of Sullivan, State of Tennessee, beginning in the issue of November 6, 2013, and appearing 1 consecutive weeks/times as per order of

Town of Mount Carmel

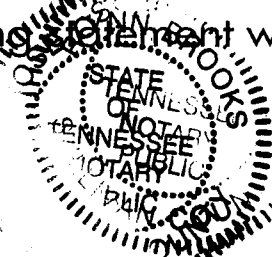
Signed Sheryl Edwards



STATE OF TENNESSEE, SULLIVAN COUNTY, TO WIT:

Personally appeared before me this 6th day of November, 2013, Sheryl Edwards

of the Kingsport Times-News and in due form of law made oath that the foregoing statement was true to the best of my knowledge and belief.



Rose Lynn Brooks
Notary Public

My commission expires 8-22-17



Order Confirmation

<u>Ad Order Number</u>	<u>Customer</u>	<u>Payor Customer</u>
0001119106	TOWN OF MOUNT CARMEL	TOWN OF MOUNT CARMEL
<u>Sales Rep.</u>	<u>Customer Account</u>	<u>Payor Account</u>
sedwards	59632	59632
<u>Order Taker</u>	<u>Customer Address</u>	<u>Payor Address</u>
sedwards	P O BOX 1421, , MOUNT CARMEL TN 37645 USA	P O BOX 1421, , MOUNT CARMEL TN 37645 USA
<u>Ordered By</u>	<u>Customer Phone</u>	<u>Payor Phone</u>
	423-357-7311	423-357-7311
<u>Order Source</u>		
<u>PO Number</u>	<u>Customer Fax</u>	<u>Customer EMail</u>
		mcch@chartrtn.net

<u>Tear Sheets</u>	<u>Proofs</u>	<u>Affidavits</u>	<u>Payment Method</u>
0	0	1	
<u>Invoice Text:</u>			
<u>Blind Box</u>	<u>Materials</u>	<u>Color</u>	
		<NONE>	
<u>Net Amount</u>	<u>Tax Amount</u>	<u>Total Amount</u>	<u>Payment Amt</u>
\$57.96	\$0.00	\$57.96	\$0.00
			<u>Amount Due</u>
			\$57.96

<u>Ad Number</u>	<u>Ad Type</u>	<u>Ad Size</u>	<u>Pick Up Number</u>
0001119106-01	LL Legal Liner	1.0 X 41 Li	0001116295
<u>External Ad #</u>	<u>Ad Attributes</u>		

Run Dates 11/6/2013

**PUBLIC NOTICE
MEETING OF THE BOARD
of MAYOR and ALDERMEN
TOWN OF MOUNT
CARMEL, TENNESSEE**

NOTICE IS HEREBY GIVEN to all members of the Board of Mayor and Aldermen of the Town of Mount Carmel, Tennessee (the "Town"), to all officials and residents of the Town and all interested persons that a meeting of the Board of Mayor and Aldermen of the Town (the "Board") will be held on Tuesday, November 26, 2013, at 5:30 p.m. EDT. The meeting will be held in the normal location at the City Hall Building, 100 East Main Street in Mount Carmel. At this meeting of the Board, any and all official business may be considered including resolutions authorizing the sale and issuance of general obligation refunding bonds of the Town.

THIS NOTICE IS GIVEN pursuant to Title 8, Chapter 44, Part 1, Tennessee Code Annotated.

Marian Sandidge,
City Recorder

PUB1T: 11/06/2013