THE CITY COMMISSION
CITY OF PARIS, TENNESSEE
MARCH 7, 2013
REGULAR MEETING

The Board of Commissioners of the City of Paris, Tennessee met in regular session Thursday, March 7, 2013 at 6:00 p.m. in the City Hall Courtroom of the City of Paris, Tennessee for the purpose of conducting the following and any other business:

OLD BUSINESS:

1. Rezoning Request for Property Located at 727 Spruce Street from M-2 (Heavy Industrial) to R-3 (Multi-Family Residential) (Second Reading)
2. Regulations for Multi-Family Residential in a B-1 District (Second Reading)

NEW BUSINESS:

1. Financial Update
2. Appointments to Boards
3. Local Hazard Mitigation Plan
4. FY 2013 Budget Amendment Number 1
5. Rezoning Request for Property Located at 812 East Wood Street
6. Approval of Debt Management Plan of IDB
7. Resolution Adopting Policies and Procedures for the Administration of Federally Tax-Exempt Debt Obligations
8. Resolution Authorizing the Issuance of General Obligation Capital Outlay Notes for the Board of Public Utilities (BPU)

STATUS OF VARIOUS PROJECTS AND DEPARTMENTAL SUMMARIES

1. Project Update Sheet

Present: Mayor Sam Tharpe
Vice Mayor Gayle Griffith
Commissioner Terry Fuller
Commissioner Pete Lackey
Commissioner Carlton Gerrell

Also Present: Carl Holder, City Manager
Fred McLean, City Attorney
Kim Foster, Finance Director
Willette Ray, Administrative Assistant to the City Manager
Jennifer Morris, Community Development Director
Traci Pillow, Account Clerk
Lana White, Account Clerk
John Etheridge, Board of Public Utilities
Mike Brown, Paris Special School District
Bill Jelks, Paris Special School District
Richard Edwards, Paris Special School District

Media: Bill McCutcheon, The Paris Post-Intelligencer
Tim Alsobrooks, WMUF

Mayor Tharpe called the meeting to order. The Pledge of Allegiance and a Moment of Silence were observed.

APPROVAL OF MINUTES

The minutes of the previous meeting held Thursday, February 7, 2013 were approved as presented following a motion by Commissioner Gerrell and seconded by Vice Mayor Griffith. The motion carried unanimously.

COMMENTS FROM CITIZENS

John Mann, who lives at 416 Wilson Street, stated his concerns about Wilson Street Creek's drainage and safety issues. He submitted a letter to the Commission for the record, and asked that the Board have a plan of action by the next scheduled City Commission meeting.

City Manager Carl Holder stated that Neel and Shaffer Engineering Company has looked at the site. They are to submit a preliminary plan and a recommendation once they are complete.

Ray Hooper, who resides at 223 Avalon Drive, also stated his concerns about the sewer and erosion problems as Mr. Mann.

Mike Brown, along with Richard Edwards and Bill Jelks, represented the Paris Special School District (PSSD). Brown stated that the PSSD was committed to providing SROs for the school system next year. Funding is the main issue to be resolved, and how sharing the cost will be divided.

Holder suggested a 50 / 50 split and offered to appear before the PSSD Board on the issue.

COMMENTS FROM COMMISSION

Finance Director Kim Foster and Account Clerk Traci Pillow were acknowledged for obtaining the Certified Municipal Finance Officer certification. Mayor Tharpe thanked them for all they do for the City. Commissioner Fuller told them "good job".

OLD BUSINESS

REZONING REQUEST FOR PROPERTY LOCATED AT 727 SPRUCE STREET FROM M-2 (HEAVY INDUSTRIAL) TO R-3 (MULTI-FAMILY RESIDENTIAL) (SECOND READING)

At last month's meeting, the Commission referred this item to the Planning Commission for a recommendation. At the Planning Commission meeting held Thursday, January 10th, Mr. Griffith made a motion which was seconded by Mr. Gerrell to rezone this property from M-2 to R-3. The motion carried unanimously.

After a brief discussion, Commissioner Fuller made a motion which was seconded by Commissioner Lackey to approve the rezoning of the property from M-2 to R-3. The motion carried unanimously.

This was presented for Second Reading and a Public Hearing was held prior to the Meeting.

After a brief discussion, Vice Mayor Griffith made a motion which was seconded by Commissioner Gerrell to approve the rezoning request. The motion carried unanimously.

ORDINANCE NO. 1150

AN ORDINANCE to Amend Title 11, Chapter 104
of the Paris Municipal Code

SECTION 1. BE IT ORDAINED by the Board of Commissioners of the City of Paris, Tennessee, that the Paris Municipal Code be amended as follows:

Title 11, Chapter 104, Section B, identifying, "The Official Zoning Map of Paris, Tennessee," as adopted, is amended as follows:

That the following described property be zoned R-3 same being currently zoned M-2:

This property is located in the First Civil District of Henry County, Tennessee, known as Tax Assessor's Map 106I, Group D, Parcel 3.00. It is situated on Spruce Street. The property is more particularly described as follows: Beginning at (old) Walter Powell Northwest corner, it being the Northeast corner of the land being surveyed; thence South 32 poles with the Walter Powell line to a stake; thence West 5 poles to a stake; thence North 32 poles to a stake; and thence East 5 poles to the beginning.

SECTION 2. All ordinances and parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

SECTION 3. This ordinance shall take effect on and after passage of final adoption.

Passed and adopted February 7, 2013.

Passed and adopted March 7, 2013.

/s/Samuel Tharpe
Mayor

/s/Kim Foster
Finance Director

REGULATIONS FOR MULTI-FAMILY RESIDENTIAL IN A B-1 DISTRICT (SECOND READING)

At last month's meeting, Commissioner Fuller made a motion which was seconded by Commissioner Lackey to adopt this amendment on First Reading and refer this to the Planning Commission for a recommendation. The motion carried unanimously.

At the Planning Commission meeting, Mr. Griffith made a motion which was seconded by Mr. Gerrell made to recommend to the City Commission approval of an ordinance for multi-family in a B-1 District. The motion carried unanimously.

This was presented for Second Reading and a Public Hearing was held prior to the Meeting.

After a brief discussion, Vice Mayor Griffith made a motion which was seconded by Commissioner Gerrell to approve the regulations. The motion carried unanimously.

Ordinance No. 1151

AN ORDINANCE
to Amend 11-502 F of the Paris Municipal Code

SECTION 1. Be it ordained by the Board of Commissioners of the City of Paris, Tennessee that 11-502 F of the of the Paris Municipal Code be amended by enacting the following as 11-502 F. 2.:

2. Single-family attached & multi-family dwelling

(See Notes)

NOTE: For two-family (duplex) dwellings, the minimum required lot area shall be 4,000 square feet for the first duplex plus 4,000 square feet for each additional duplex not to exceed ten (10) duplexes per acre. Notwithstanding the provisions of 11-502 F. (1) and 11-105, Table 2, the minimum yard requirements for single family attached and multiple family dwellings in the B-1 (Highway Commercial) Zone shall be as follows:

Front (Ft.)	Side (Ft.)	Rear (Ft.)
25	10	20

For Townhouses (single-family attached), the minimum required lot area shall be 7,000 square feet for the first unit plus 2,400 square feet for each additional unit. For multi-family dwellings, the minimum required lot area shall be 7,000 square feet for the first unit plus 2,000 square feet for each additional unit. In the construction of both Townhouse and multi-family units within the B-1 (Highway Commercial) district all developments must contain six units or more but shall not exceed 15 units per acre.

ALL B-1 (HIGHWAY COMMERCIAL) DEVELOPMENT REQUIRES SITE PLAN REVIEW BY THE PLANNING COMMISSION

SECTION 2. All ordinances and parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

SECTION 3. This ordinance shall take effect on and after final passage and adoption.

Passed and adopted February 7, 2013.

Passed and adopted March 7, 2013.

/s/Samuel Tharpe
Mayor

/s/Kim Foster
Finance Director

NEW BUSINESS

FINANCIAL UPDATE

Finance Director Kim Foster informed the Commission total revenues for January were running close to 52 percent of budget with expenses being almost 57 percent. December retail sales numbers showed a slight decline from December 2011. Total Retail Sales for 2012 were 2.84percent more than the year 2011. "This was the greatest yearly growth in six year", stated Foster.

It was reported that Walter Butler has returned to the Finance Department at Bethel University.

The new software program is moving right along, and some of the programs have gone live already as well as the Call Center. By the end of April the software program should be fully implemented.

APPOINTMENTS TO BOARDS

There were no appointments that needed to be made this month. The City of Paris Directory of Boards is now updated and complete.

LOCAL HAZARD MITIGATION PLAN

The County Government is required to have a Local Hazard Mitigation Plan to be eligible for FEMA Disaster Relief Funds and each municipality may opt to be included or develop their own. Staff recommends opting to be covered under the countywide plan.

RESOLUTION NO. 1513

A RESOLUTION OF THE CITY OF PARIS
ADOPTING THE 2012 HENRY COUNTY MULTI-JURISDICTIONAL
HAZARD MITIGATION PLAN

WHEREAS, the County Mayor's Office of Emergency Management has completed an update of the 2007 Henry County Multi-Jurisdictional Hazard Mitigation Plan, and it was submitted to the Federal Emergency Management Agency and the Tennessee Emergency Management Agency for consideration and approval; and,

WHEREAS, the City of Paris has participated in the 2012 plan update process, and is committed to the Multi-Jurisdictional Hazard Mitigation Plan concept by adoption of the earlier 2007 plan, *Resolution 1413*; and,

WHEREAS, the Federal Emergency Management Agency and the Tennessee Emergency Management Agency has given tentative approval of the updated 2012 Henry County Multi-Jurisdictional Hazard Mitigation Plan as of November 7, 2012, it shall be distributed to jurisdictions, agencies and county municipalities for local adoption completion, and Federal emergency funding and grants are conditioned upon adoption of updated plan; and,

WHEREAS, upon submittal of adoption documentation by participating jurisdictions, the Federal Emergency Management Agency will issue formal approval of the 2012 Henry County Multi-Jurisdictional Hazard Mitigation Plan to the County of Henry; and,

NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATIVE BODY OF THE CITY OF PARIS, TENNESSEE:

SECTION 1: That the City of Paris hereby will recognize this plan as the principal Multi-Jurisdictional Hazard Mitigation plan for the County of Henry, and it shall be mandatory for the County of Henry, its municipalities, and political subdivisions in accordance with the Tennessee Code Annotated and the Civil Defense Act of 1950 as amended, to adopt the updated Hazard Mitigation Plan upon.

SECTION 2: That this Resolution shall be in full force and effective from and upon its passage approval.

This resolution is read and adopted at public meeting this 7th day of March, 2013.

/s/Samuel Tharpe
Mayor

/s/Kim Foster
Finance Director

After a brief discussion, Commissioner Fuller made a motion to adopt the resolution approving the Local Hazard Mitigation Plan. The motion which was seconded by Vice Mayor Griffith carried unanimously.

FY 2013 BUDGET AMENDMENT NUMBER 1 (FIRST READING)

The FY 2013 Budget Amendment Number 1 was presented by Foster for First Reading. After a brief discussion, Vice Mayor Griffith made a motion which was seconded by Commissioner Gerrell to approve the budget amendment on First Reading. The motion carried unanimously.

This agenda item will be presented at next month's meeting scheduled for Thursday, April 4, 2013 for a Public Hearing and Second Reading.

REZONING REQUEST FOR PROPERT LOCATED AT 812 EAST WOOD STREET

Ms. Debra Lemonds has requested a rezoning of property located at 812 East Wood Street. She has an option to purchase this property. Currently the zoning is B-1 Highway Commercial. Following discussion with City Staff, Ms. Lemonds has requested the City to consider the T.R.B. (Transitional Residential Business) Zone.

After a brief discussion, Vice Mayor Griffith made a motion which was seconded by Commissioner Gerrell to refer the rezoning request to the Planning Commission. The motion carried unanimously.

APPROVAL OF DEBT MANAGEMENT PLAN OF INDUSTRIAL DEVELOPMENT BOARD (IDB)

We have been informed that the Industrial Development Board of the City of Paris must have a Debt Management Policy separate and apart from the City.

Holder prepared the policy in accordance with the requirements of the Comptroller's Office. Attorney McLean reviewed and approved the policy and the IDB adopted it in open session.

A motion "to accept and file the document in the minutes" needs to be approved.

After a brief discussion, Commissioner Lackey made a motion which was seconded by Vice Mayor Griffith to accept and file the Industrial Development Board's Debt Management Policy into the minutes. The motion carried unanimously.

City of Paris, Tennessee
Industrial Development Board
Debt Management Policy

The purpose of this debt policy is to establish a set of parameters by which debt obligations will be undertaken by the City of Paris, Tennessee Industrial Development Board. This policy reinforces the commitment of the Board and its officials to manage the financial affairs of the Board so as to minimize risks avoid conflicts of interest and ensure transparency while still meeting the capital needs of the Board.

The goal of this policy is to assist decision makers in planning, issuing and managing debt obligations by providing clear direction as to the steps, substance and outcomes desired. In addition, greater stability over the long-term will be generated by the use of consistent guidelines in issuing debt.

Definition of Debt: All obligations of the Board to repay, with or without interest, in installments and/or at a later date, some amount of money utilized for the purchase, construction, or operation of Board resources. This includes but is not limited to notes, bond issues, capital leases and loans of any type whether from an outside source such as a bank or from another internal fund.

Approval of Debt: Bond anticipation notes and capital outlay notes will be submitted to the State of Tennessee Comptroller's Office and the Board prior to issuance or entering into the obligation. A plan for refunding debt issues will also be submitted to the Comptroller's Office prior to issuance. Capital or equipment leases may be entered into by the Board; however, details on the lease agreement will be forwarded to the Comptroller's Office on the specified form within 45 days.

Transparency:

- The Board shall comply with legal requirements for notice and for public meetings related to debt issuance.
- All notices shall be posted in the customary and required posting locations, including as required local newspapers, bulletin boards, and websites.
- All costs (including principal, interest, issuance, continuing, and one-time) shall be clearly presented and disclosed to the citizens, City Commission, the Board, and other stakeholders in a timely manner.
- The terms and life of each debt issue shall be clearly presented and disclosed to the citizens/members, the Board, and other stakeholders in a timely manner.
- A debt service schedule outlining the rate of retirement for the principal amount shall be clearly presented and disclosed to the citizens/members, the Board and other stakeholders in a timely manner.

Role of Debt:

- Long-term debt shall not be used to finance current operations. Long-term debt may be used for capital purchases or construction. Short-term debt may be used for certain projects and equipment financing as well as for operational borrowing.
- In accordance with Generally Accepted Accounting Principles and state law:
  1. The maturity of the underlying debt will not be more than the useful life of the assets purchased or built with the debt, not to exceed 30 years; however, an exception may be made with respect to federally sponsored loans, provided such an exception is consistent with law and accepted practices.
  2. Debt issued for operating expenses must be repaid within the same fiscal year or issuance or incurrence.

Types and Limits of Debt:

- The Board will seek to limit total outstanding debt obligations to non-recourse notes or bonds. Revenue debt is defined to include any obligation wherein a contractual arrangement exists which obligates specific revenue to be applied directly against the debt service (such as a property lease, etc.)
- The limitation on total outstanding debt must be reviewed prior to the issuance of any new debt.
- The Board's total outstanding debt obligation will be monitored and reported to the Board by the City Manager, who shall monitor the maturities and terms and conditions of all obligations to ensure compliance. The City Manager shall also report to the City Commission any matter that adversely affects the credit or financial integrity of the City.

Costs of Debt:

- All costs associated with the initial issuance or incurrence of debt, management and repayment of debt (including interest, principal, and fees or charges) shall be disclosed prior to action by the Board in accordance with the notice requirements stated above.

Refinancing Outstanding Debt:

- The Board may refund debt when requested and it is in the best financial interest of the Board to do so, and shall have the responsibility to analyze outstanding bond issues for refunding opportunities. The decision to refinance must be explicitly approved, and all plans for current or advance refunding of debt must be in compliance with state laws and regulations.

Professional Services:
The Board shall require all professionals engaged in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by both the Board and the lender or conduit issuer, if any. This includes "soft" costs or compensations in lieu of direct payments.

- Counsel: The Board shall enter into an engagement letter agreement with each lawyer or law firm representing the Board in a debt transaction. (No engagement letter is required for any lawyer who is an employee of the Board or lawyer or law firm which is under a general appointment or contract to serve as counsel to the Board. The Board does not need an engagement letter with counsel not representing the Board, such as underwriters' counsel.)
- Financial Advisor: The Board shall enter into a written agreement with each person or firm serving as financial advisor in debt management and transactions.

Conflicts:

- Professionals involved in a debt transaction hired or compensated by the Board shall be required to disclose to the Board existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, liquidity or credit enhancement provider, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow the Board to appreciate the significance of the relationships.
- Professionals who become involved in the debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform are not subject to this disclosure. No disclosure is required that would violate any rule or regulation of professional conduct.

Review of Policy:

This policy shall be reviewed at least annually by the Board. Any amendments shall be considered and approved in the same process as the initial adoption of this Policy, with opportunity for public input.

Compliance:

The Director of Finance of the City of Paris is responsible for ensuring compliance with this policy.

TCA References: TCA 7, Part 9 – Contracts, Leases, and Lease Purchase Agreements

TCA 9, Part 21 – Local Government Public Obligations Law

RESOLUTION ADOPTING POLICIES AND PROCEDURES FOR THE ADMINISTRATION OF FEDERALLY TAX-EMEMPT DEBT OBLIGATIONS

This Resolution adopts the Federal rules and regulations required for the issuance of Federal Tax Exempt Debt Obligations. John Etheridge of the Board of Public Utilities was present to answer any questions that were asked.

After a brief discussion, Commissioner Lackey made a motion which was seconded by Commissioner Gerrell to approve the resolution. The motion carried unanimously.

RESOLUTION NO. 1514

RESOLUTION ADOPTING POLICIES AND PROCEDURES FOR THE ADMINISTRATION OF FEDERALLY TAX-EXEMPT DEBT OBLIGATIONS

WHEREAS, the City of Paris, Tennessee (the "Municipality") issues federally tax-exempt debt obligations from time to time, and wishes to adopt policies and procedures to ensure compliance with applicable federal rules and regulations related thereto;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Municipality that the federal tax compliance policies and procedures attached hereto as Exhibit A are hereby adopted and approved.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately upon its adoption.
Adopted and approved this 7th day of March, 2013.

/s/Samuel Tharpe
Mayor

/s/Kim Foster
Finance Director

EXHIBIT A

CITY OF PARIS, TENNESSEE
Federal Tax Compliance Policies and Procedures

Purpose

In order to issue tax-exempt debt obligations ("Tax-Exempt Obligations"), the interest on which is excluded from gross income of the holders of such debt obligations, the City of Paris, Tennessee (the "Municipality") must comply with federal tax rules regarding expenditure of proceeds, use of financed property, investment of proceeds in compliance with arbitrage rules, retention of records and filings with the Internal Revenue Service pursuant to Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"). This Tax Compliance Policy sets forth the Town's policies for compliance with Sections 141-150 of the Code and related rules and regulations.

I. Expenditure of Proceeds

Expenditure of proceeds as set forth below will be reviewed and managed by the Finance Director (the "Finance Director") and with respect to the Paris Board of Public Utilities, the General Manager (the "General Manager") as needed to ensure compliance with the requirements with each tax certificate executed in connection with Tax-Exempt Obligations. In connection with such review and management, the Finance Director or the General Manager, as applicable, will undertake the following with respect to the expenditure of proceeds of Tax-Exempt Obligations:

- Establish forms and procedures for documenting expenditures of the proceeds, including for new money issues a description of the property financed with each expenditure and for refunding issues a description of the refunded obligations and the property financed with the refunded obligations.

- Only permit proceeds to be expended for capital expenditures, working capital if accompanied by an opinion of nationally recognized bond counsel, refunding of Tax-Exempt Obligations and other debt obligations used for the foregoing purposes, and costs of issuance of Tax-Exempt Obligations.

- Not permit amounts to be expended to pay capitalized interest on Tax-Exempt Obligations except during the actual construction period of financed property unless accompanied by an opinion of nationally recognized bond counsel.

- Restrict reimbursement of costs that were paid prior to the issuance of the Tax-Exempt Obligations to costs paid subsequent to, or not more than 60 days prior to, the date a "declaration of intent" to reimburse the costs was adopted by the Town or as is otherwise approved by bond counsel.

- Prepare a "final allocation" of proceeds to uses, which will be made and retained with the records of the Tax-Exempt Obligations, not later than 18 months after the placed-in-service date of the financed property (and in any event not later than 5 years and 60 days after the issuance of the issue).

- Monitor the expenditure of proceeds of new-money Tax-Exempt Obligations against the tax certificate expectation to (i) spend or commit 5% of net sale proceeds within 6 months, (ii) spend 85% of net sale proceeds within 3 years, and (iii) proceed with due diligence to complete the project and fully spend the net sale proceeds.

- Monitor the expenditure of proceeds of the Tax-Exempt Obligations against the schedule for any arbitrage rebate exception or exceptions identified in the tax certificate related to such issue of Tax-Exempt Obligations.

II. Use of Property Financed with Tax-Exempt Obligations

Use of property financed with Tax-Exempt Obligations, when completed and placed in service, will be reviewed by the Finance Director or the General Manager, as applicable, on at least an annual basis.

The Town will not do any of the following with respect to the financed property without prior discussion with bond counsel regarding potential effect of such action on the tax exemption of the Tax-Exempt Obligations that financed or refinanced such property:

- Enter into a management, service or incentive payment contract with any non-governmental person or entity (including the federal government) (a "Non-Governmental Person").

- Enter into a lease with any Non-Governmental Person.

- Sell or otherwise transfer such property to any Non-Governmental Person.

- Grant special legal entitlements with respect to such property to any Non-Governmental Person.

If any action occurs, notwithstanding the foregoing, that causes Tax-Exempt Obligations to become private activity bonds as a result of private use of financed projects and/or private payments for parties utilizing financed projects, the Town will promptly consult with bond counsel as to the steps to be taken in order to remediate such change in use in accordance with the regulations under the Code, including the remediation of nonqualified bonds.

III. Investment of Proceeds

Investment of proceeds of Tax-Exempt Obligations in compliance with the arbitrage bond rules and rebate of arbitrage will be supervised by the Finance Director or the General Manager, as applicable,.

All proceeds of each Tax-Exempt Obligation will be deposited and maintained in a separate account or accounts. The investment of the proceeds of Tax-Exempt Obligations shall comply with the following:

- Investments will be purchased only in market transactions at fair market value.

- Calculations of rebate liability will be performed periodically as set forth in the tax certificate by outside consultants unless the Town is eligible for an exception to rebate liability with respect to the Tax-Exempt Obligations.

- Rebate payments, if required, will be made with Form 8038-T no later than 60 days after (a) each fifth anniversary of the date of issuance and (b) the final retirement of the Tax-Exempt Obligations. Compliance with rebate requirements will be reported to the bond trustee, if any, and the issuer.

- The Town will identify the date for first rebate payment at the time of issuance if rebate payments are expected.

IV. Records

Management and retention of records related to Tax-Exempt Obligations will be supervised by the Finance Director or the General Manager, as applicable, or the General Manager, as applicable:

- Records will be retained for the life of the Tax-Exempt Obligations plus any refunding bonds plus three years. Records may be in the form of documents or electronic copies of documents, appropriately indexed to specific bond issues and compliance functions.

- Retainable records pertaining to issuance of Tax-Exempt Obligations include the transcript of documents executed in connection with the issuance of the Tax-Exempt Obligations and any amendments, and copies of rebate calculations and records of payments including Form 8038-T.

- Retainable records pertaining to expenditures of proceeds of Tax-Exempt Obligations include requisitions, trustee statements (if any) and final allocation of proceeds.

- Retainable records pertaining to use of property include all agreements reviewed for nonexempt use and any reviewed documents relating to unrelated business activity.

- Retainable records pertaining to investments include GIC and hedge documents under the Treasury regulations, records of purchase and sale of other investments, and records of investment activity sufficient to permit calculation of arbitrage rebate or demonstration that no rebate is due.

V. Miscellaneous Post-Issuance Changes

The Finance Director or the General Manager, as applicable, will consult with bond counsel prior to engaging in any post-issuance credit enhancement transactions (e.g., letter of credit or bond insurance) or hedging transactions (e.g., interest rate swaps)

The Finance Director or the General Manager, as applicable, will consult with bond counsel prior to the making of any significant modifications to the bond documents that might cause a "reissuance" of the Tax-Exempt Obligations as described in Section 1.1001-3 of the Treasury regulations such as (i) changes in the yield of a Tax-Exempt Obligation, (ii) changes in the timing of payments on a Tax-Exempt Obligation or (iii) changes in the obligor of or security for a Tax-Exempt Obligation.

VI. Overall Responsibility

Overall administration and coordination of this policy is the responsibility of the Finance Director or the General Manager, as applicable,. The Finance Director or the General Manager, as applicable, shall be responsible for identifying any violations of federal tax requirements relating to any Tax-Exempt Obligations and shall consult with bond counsel as to best method for the timely correction of any identified violations either through available remedial actions or through the IRS's Voluntary Closing Agreement Program. The Finance Director or the General Manager, as applicable, shall be responsible for obtaining and providing for the training and education necessary to administer these policies and procedures.

Adopted and approved the 7th day of March, 2013.

/s/Samuel Tharpe
Mayor

/s/Kim Foster
Finance Director

RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION CAPITAL OUTLAY NOTES FOR THE BOARD OF PUBLIC UTILITIES

John Etheridge was present to explain the request of the City of Paris Board of Public Utilities for the City to issue General Obligation Capital Outlay Notes.

RESOLUTION NO. 1515

A RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION CAPITAL OUTLAY NOTES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED NINE HUNDRED TWENTY-FIVE THOUSAND DOLLARS ($925,000) OF THE CITY OF PARIS, TENNESSEE; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID NOTES; ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; PROVIDING FOR THE COLLECTION AND DISPOSITION OF REVENUES FROM THE WATER AND WASTEWATER SYSTEM OF THE MUNICIPALITY; AND PROVIDING FOR THE LEVY OF TAXES FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE NOTES.

WHEREAS, pursuant to authority granted by Sections 9-21-601 et seq., Tennessee Code Annotated, subject to the approval of the Director of State and Local Finance, municipalities in Tennessee are authorized to issue interest bearing capital outlay notes for all county purposes for which general obligation bonds can be legally authorized and issued for a period of not greater than the end of the twelfth fiscal year following the fiscal year in which the notes are issued; and

WHEREAS, on February 27, 2013, the Paris Board of Public Utilities (the "Utilities Board") adopted a resolution recommending that the Board of Commissioners (the "Governing Body") of the City of Paris, Tennessee (the "Municipality") adopt a resolution authorizing the issuance of general obligation capital outlay notes, for the purpose of financing the costs of constructing certain improvements and extensions to the Municipality's water system (the "Project") which is a part of the Municipality's water and wastewater system (the "System") operated through the Utilities Board; and

WHEREAS, the Board of Commissioners of the City of Paris, Tennessee (the "Municipality") hereby determines that it is necessary and advisable to issue not to exceed $925,000 in aggregate principal amount of general obligation capital outlay notes, to be issued for the purpose of providing funds to finance the (i) costs of the Project, (ii) payment of legal, fiscal, administrative, architectural and engineering costs incident to the foregoing; (iii) reimbursement to the appropriate fund of the Municipality or the Utilities Board for prior expenditures for the foregoing costs, if applicable; and (v) payment of costs incident to the notes authorized herein; and

WHEREAS, it is the intention of the Board of Commissioners of the Municipality to adopt this resolution for the purpose of authorizing not to exceed $925,000 in aggregate principal amount of said notes, providing for the issuance, sale and payment of said notes, establishing the terms thereof, and the disposition of proceeds therefrom, providing for the collection and disposition of revenues from the System, and providing for the levy of a tax under certain conditions for the payment of principal thereof and interest thereon.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the city of Paris, Tennessee, as follows:

Section 1. Authority. The notes 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) "Code" means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder;

(b) "Current Expenses" means the reasonable and necessary costs of operating, maintaining, repairing and insuring the System, as determined in accordance with generally accepted accounting principles, but excluding depreciation of the System and amortization of financing expenses and interest on the Notes and other indebtedness of the Municipality and/or System payable from revenues of the System;

(c) "Debt Management Policy" means the Debt Management Policy adopted by the Governing Body as required by the State Comptroller;

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

(e) "Governing Body" means the Board of Commissioners of the Municipality;

(f) "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 Obligations 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);

(g) "Municipality" means City of Paris, Tennessee;

(h) "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;

(i) "Notes" means the not to exceed $925,000 General Obligation Capital Outlay Notes of the Municipality, to be dated the date of issuance, and having such series designation or other dated date as shall be determined by the Mayor pursuant to Section 10 hereof;

(j) "Parity Obligations" means bonds, notes and other obligations issued on a parity with the Notes herein authorized in accordance with the restrictive provisions of Section 8 hereof;

(k) "Prior Lien Obligations" means any outstanding bonds, notes or other obligations with a lien on the Net Revenues of the System;

(l) "Projects" mean (i) constructing and equipping of extensions and improvements to the System, including, but not limited to the water system; and (ii) payment of legal, fiscal, administrative, architectural and engineering costs incident to all of the foregoing;

(m) "Purchaser" means the purchaser of the Notes;

(n) "Registration Agent" means the City Recorder of the Municipality or such other registration and paying agent appointed by the Mayor pursuant to Section 4 hereof, or any successor designated by the Governing Body;

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

(p) "Utilities Board" means the Paris Board of Public Utilities; and

(q) "Utilities Board Resolution" means the resolution adopted by the Utilities Board adopted on February 27, 2013 recommending the adoption of a resolution by the Governing Body of the Municipality authorizing the issuance of the Notes.

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

(a) The Municipality has adopted a Debt Management Policy and the Governing Body hereby finds that the issuance and sale of the Notes, as proposed herein, is consistent with the Debt Management Policy.

(b) The estimated proposed amortization of the Notes, estimated interest and estimated costs of issuance are attached as Exhibit A to the Utilities Board Resolution which was presented to this meeting. The foregoing estimates are subject to change pursuant to Section 10 hereof.

Section 4. Authorization and Terms of the Notes. (a) For the purpose of providing funds (i) to finance the cost of the Project and costs incident thereto; (ii) reimburse the appropriate fund of the Municipality or the Utilities Board for prior expenditures for the foregoing costs, if applicable; and (iii) pay costs incident to the issuance and sale of the Notes, there is hereby authorized to be issued capital outlay notes of the Municipality in the aggregate principal amount of not to exceed $925,000. The Notes shall be issued as fully registered, certificated Notes, shall be known as "General Obligation Capital Outlay Notes ", 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 Notes shall bear interest at a rate or rates not to exceed the maximum rate permitted by applicable Tennessee law. The Notes shall be issued initially in $100,000 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 Notes shall mature serially or through mandatory redemption commencing March 1, 2014 through March 1, 2025, inclusive in principal amounts resulting in approximately level debt service unless otherwise approved by the Director of State and Local Finance with interest payable semi-annually on March 1 and September 1 until the Notes mature or are redeemed. In no event shall the Notes mature later than the end of the twelfth fiscal year following the fiscal year in which the Notes are issued.

(b) Subject to the adjustments permitted by Section 10 hereof, the Notes shall be subject to redemption prior to maturity at the option of the Municipality, at the direction of the Utilities Board, as a whole or in part, on or after March 1, 2021 at the redemption price of par plus accrued interest to the redemption date.

If the Notes mature serially or are subject to mandatory redemption, then if less than all the Notes shall be called for redemption, the maturities to be redeemed shall be selected by the Governing Body in its discretion. If less than all of the Notes 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.

(c) Pursuant to Section 10 hereof, the Mayor is authorized to sell the Notes, or any maturities thereof, as term notes ("Term Notes") 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 Notes are sold as Term Notes, the Municipality shall redeem Term Notes 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 Notes 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 Notes 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 Notes 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 Note 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 Notes 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 Notes to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Note 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 Notes for which proper notice was given. The Registration Agent shall mail said notices as and when directed by the Municipality as directed by the Utilities Board 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 Notes 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 City Recorder of the Municipality as the Registration Agent for the Notes and hereby authorizes and directs the Registration Agent so appointed to maintain Note registration records with respect to the Notes, to authenticate and deliver the Notes as provided herein, either at original issuance or upon transfer, to effect transfers of the Notes, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Notes as provided herein, to cancel and destroy Notes 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 Notes canceled and destroyed, and to furnish the Municipality at least annually an audit confirmation of Notes paid, Notes outstanding and payments made with respect to interest on the Notes.

(f) The Notes 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 Notes by check or draft on each interest payment date directly to the registered owners as shown on the Note 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 Note registration records, without, except for final payment, the presentation or surrender of such registered Notes, and all such payments shall discharge the obligations of the Municipality in respect of such Notes to the extent of the payments so made. Payment of principal of the Notes shall be made upon presentation and surrender of such Notes 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 Note 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 Notes 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 Note 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 Note registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Notes 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 Notes when due.

(h) The Notes are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Note(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 Note(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 Notes are not transferable without the written consent of the Municipality. Upon receipt of the Note(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Note or the Note to the assignee(s) in $5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Note during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Note, nor to transfer or exchange any Note after the publication of notice calling such Note for redemption has been made, nor to transfer or exchange any Note during the period following the receipt of instructions from the Municipality to call such Note 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 Note, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Note 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 Notes shall be overdue. The Notes, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of the Notes of the same maturity in any authorized denomination or denominations.

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

(j) The Registration Agent is hereby authorized to authenticate and deliver the Notes to the Purchaser, upon receipt by the Municipality of the proceeds of the sale thereof and to authenticate and deliver Notes in exchange for Notes of the same principal amount delivered for transfer upon receipt of the Note(s) to be transferred in proper form with proper documentation as hereinabove described. The Notes 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 Note form.

(k) In case any Note 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 Note of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Note, or in lieu of and in substitution for such lost, stolen or destroyed Note, or if any such Note shall have matured or shall be about to mature, instead of issuing a substituted Note the Municipality may pay or authorize payment of such Note 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 Note, and indemnity satisfactory to the Municipality and the Registration Agent; and the Municipality may charge the applicant for the issue of such new Note 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 Notes shall be payable primarily from and be secured by a pledge of the Net Revenues to be derived from the operation of the System subject to the prior pledge of such Net Revenues to Prior Lien Obligations, if any, and, in the event of a deficiency in such Net Revenues, the Notes shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality. For the prompt payment of principal of and interest on the Notes, the full faith and credit of the Municipality are hereby irrevocably pledged.

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

(Form of Face of Note)

REGISTERED
Number _____

REGISTERED
$_____

UNITED STATES OF AMERICA

STATE OF TENNESSEE
CITY OF PARIS
GENERAL OBLIGATION CAPITAL OUTLAY NOTE,
SERIES ____

Interest Rate: Maturity Date: Date of Note:

Registered Owner:

Principal Amount:

FOR VALUE RECEIVED, the City of Paris, Tennessee (the "Municipality") 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 September 1, 2013, and semi-annually thereafter on the first day of March and September in each year until this Note matures or is redeemed. The 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 City Recorder, Paris, Tennessee, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Note on each interest payment date directly to the registered owner hereof shown on the Note 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 Note registration records, without, except for final payment, the presentation or surrender of this Note, 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 Note 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 Notes of the issue of which this Note is one not less than ten (10) days prior to such Special Record Date. Payment of principal of this Note shall be made when due upon presentation and surrender of this Note to the Registration Agent.

The Notes shall be subject to redemption prior to maturity at the option of the Municipality, at the direction of the Paris Board of Public Utilities, as a whole or in part, on March 1, 2021 and at any time thereafter at the redemption price of par plus accrued interest to the redemption date.

If less than all the Notes shall be called for redemption, the maturities to be redeemed shall be designated by the Board of Commissioners of the Municipality, in its discretion. If less than all the principal amount of the Notes of a 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 Notes maturing _____ on the redemption dates set forth below opposite the maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Notes to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and principal amount of Notes to be redeemed on said dates are as follows:

Final Maturity	Redemption Date	Principal Amount of Notes Redeemed

*Final Maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the Municipality may (i) deliver to the Registration Agent for cancellation Notes 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 Notes 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 Note 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 Notes to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Municipality shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.]

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent 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 Notes to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Note registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Notes for which proper notice was given. From and after any redemption date, all Notes called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth in the Resolution, as hereafter defined.

This Note 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 Note. Upon such transfer a new Note or Notes 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 Notes are transferable only with the written consent of the Municipality. The person in whose name this Note 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 Note shall be overdue. Notes, 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 Notes 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 Note during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Note, nor to transfer or exchange any Note after the notice calling such Note for redemption has been made, nor during a period following the receipt of instructions from the Municipality to call such Note for redemption.

This Note is one of a total authorized issue aggregating $_____ and issued by the Municipality for the purpose of providing funds for (i) constructing extensions and improvements to the Municipality's water and wastewater system (the "System") operated by the Paris Board of Public Utilities (the "Utilities Board"); (ii) payment of legal, fiscal, administrative, architectural and engineering costs incident to all of the foregoing; and [(iii) reimbursement to the appropriate fund of the Municipality or the Utilities Board for prior expenditures for the foregoing costs, if applicable]; and (iv) payment of costs incident to the issue of Notes of which this Note is one, pursuant to Sections 9-21-101 et seq., Tennessee Code Annotated, as amended, and pursuant to a resolution duly adopted by the Board of Commissioners of the Municipality on the seventh day of March, 2013 (the "Resolution").

This Note is payable primarily from and secured by a pledge of the Net Revenues to be derived from the operation of the System subject to the prior pledge of such Net Revenues to outstanding Prior Lien Obligations, if any. In the event of a deficiency in such Net Revenues (as defined in the Resolution), this Note 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 Note, 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 Note is issued, reference is hereby made to said Resolution.

This Note and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Note during the period the Note 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 Note 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 Note exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Note, 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 Note to be signed by its Mayor with his manual or facsimile signature and attested by its City Recorder with her manual or [facsimile] signature under an [impression or] [facsimile] of the corporate seal of the Municipality, all as of the date hereinabove set forth.

CITY OF PARIS

BY: /s/Samuel Tharpe
Mayor

(SEAL)

ATTESTED:

/s/Kim Foster
City Recorder

Transferable and payable at the
principal office of: City Recorder
Paris, Tennessee

Date of Registration: _____

This Note is one of the issues of Notes issued pursuant to the Resolution hereinabove described.

City Recorder
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 Note of the City of Paris, Tennessee, and does hereby irrevocably constitute and appoint _____, attorney, to transfer the said Note 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 Note in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

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

Section 7. Pledge of Net Revenues and Levy of Tax. For the prompt payment of the principal of, premium, if any, and interest on the Notes, 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 any outstanding 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, premium, if any, and interest on the Notes when due, and for that purpose there is hereby levied a direct annual tax in such amount as may be found necessary each year to pay principal, premium, if any, and interest coming due on the Notes 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, premium, if any, and interest. Principal, premium, if any, and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the Municipality and reimbursement therefor shall be made out of the taxes hereby provided to be levied when the same shall have been collected. The tax herein provided may be reduced to the extent of direct appropriations from the general funds of the Municipality to the payment of debt service on the Notes.

Section 8. Equality of Lien; Prohibition of Prior Lien; Parity Obligations. The punctual payment of principal of, premium, if any, and interest on the Notes 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 any 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 Notes under the following conditions but not otherwise:

(a) Additional bonds, notes or other obligations may be issued on a parity with the Notes without regard to the requirements of subsection (b) of this Section if such bonds, notes or other obligations shall be issued for the purpose of refunding any of the Notes or Parity Obligations 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 Notes 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 water and wastewater systems or a nationally recognized firm of financial feasibility consultants having a favorable reputation for skill and experience in the financial feasibility of water and wastewater 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 Notes and any Parity Obligations 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 Notes, any Parity Obligations or subordinate lien bonds or notes.

Section 9. Charges For Services Supplied by the System. While the Notes and any Parity Obligations 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 Notes.

Section 10. Sale of Notes. (a) The Notes may be sold at informal bid or competitive public sale as shall be determined by the Mayor, in consultation with the Financial Advisor and the Chairman and General Manager of the Utilities Board, or either of them.

(b) The Mayor shall award the Notes to the bidder whose bid results in the lowest interest true cost to the Municipality. The Notes shall be offered at a price of not less than ninety-nine and one-half percent (99.50%) of par, plus accrued interest, if any, as a whole or in part from time to time as shall be determined by the Mayor.

(c) If the Notes shall be sold at informal bid and the Mayor is authorized to award the Notes to the bidder whose bid results in the lowest true interest cost to the Municipality. The award of the Notes 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. At least three financial institutions shall be requested to submit a bid as required by Tennessee Code Annotated, Section 9-21-609.

(d) The Mayor in consultation with the Financial Advisor and the Chairman and General Manager of the Utilities Board, or either of them, is further authorized:

(1) to change the dated date of the Notes to a date other than the date of issuance;

(2) to change the designation of the Notes from "General Obligation Capital Outlay Notes" and to specify the series designation of the Notes;

(3) to change the first interest payment date on the Notes to a date other than September 1, 2013, provided that such date is not later than twelve months from the dated date of the Notes;

(4) to adjust the principal and interest payment dates and determine maturity or mandatory redemption amounts of the Notes, provided that (A) the total principal amount of the Notes does not exceed the total amount of Notes authorized herein, and (B) the final maturity date of each series does not exceed the end of the twelfth fiscal year following the fiscal year of its series;

(5) to make adjustments to the optional redemption provisions of the Notes;

(6) to sell the Notes, or any series thereof, or any maturities thereof as Term Notes with mandatory redemption requirements as determined by the Mayor, as he shall deem most advantageous to the Municipality;

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

(8) to provide for the transferability and restrictions on transferability of the Notes in accordance with the terms of this Resolution

(e) The Mayor and City Recorder, or either of them, are authorized to cause the Notes, in fully-registered certificated form, to be authenticated and delivered by the Registration Agent to the successful bidder and to execute, publish, and deliver all certificates and documents, including any offering circular or other disclosure document and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Notes.

(f) The Chairman of the Utilities Board is hereby authorized to enter into an agreement with the Financial Advisor to serve as financial advisor to the Municipality in connection with the Notes in substantially the form which was presented as Exhibit A to the Utilities Board Resolution, with such changes as may be approved by the Chairman of the Utilities Board as evidenced by his execution thereof.

(g) The Chairman of the Utilities Board is hereby authorized to enter into an engagement letter with Bass, Berry & Sims PLC to serve as bond counsel in connection with the Notes in substantially the form which was presented as Exhibit B to the Utilities Board Resolution, with such changes as may be approved by the Chairman of the Utilities Board as evidenced by his execution thereof.

(h) None of the Notes shall be issued until after the approval of the Director of State and Local Finance shall have been obtained as required by Sections 9-21-101 et seq., Tennessee Code Annotated.

(i) The form of the Note as set forth in Section 6 hereof shall be conformed to any modifications provided in this Section 10.

Section 11. Disposition of Note Proceeds. The proceeds of the sale of the Notes shall be disbursed as follows:

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

(b) the remainder of the proceeds of the sale of the Notes shall be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency in a special fund known as the 2013 Water Construction Fund, or such other designation as shall be determined by the Mayor, (the "Construction Fund") to be accounted for separate and apart from all other funds of the Municipality and to be held by the Utilities Board. To the extent not paid from Gross Earnings, the Municipality through the Utilities Board, shall disburse funds in the Construction Fund to pay costs of issuance of the Notes, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Notes and in the discretion of and upon the direction of the Chairman and General Manager of the Utilities Board. The remaining funds in the Construction Fund shall be disbursed solely to pay the costs of the Projects. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Construction Fund. Money in the Construction Fund shall be expended only for the purposes authorized by this resolution and earnings thereon shall be retained in the Construction Fund. Any funds remaining in the Construction Fund after completion of the Project and payment of authorized expenses shall be used to pay principal of and interest on the Notes.

Section 12. Tax Matters. The Municipality recognizes that the purchasers and owners of the Notes will have accepted them on, and paid therefore 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 Notes. In this connection, the Municipality agrees that it shall take no action which may cause the interest on any of said Notes 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 Notes will not be used in a manner which will cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Notes 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 Notes 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 Notes from becoming taxable. The Mayor, the City Recorder, the Chairman and the General Manager of the Utilities Board, or any of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Notes as either or both shall deem appropriate, and such certifications shall constitute a representation and certification of the Municipality. Following the issuance of the Notes, the City Recorder and the General Manager of the Utilities Board are directed to administer the Municipality's Federal Tax Compliance Policies and Procedures with respect to the Notes.

Section 13. Discharge and Satisfaction of Notes. If the Municipality shall pay and discharge the indebtedness evidenced by any of the Notes in any one or more of the following ways, to wit:

(a) By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Notes 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 Federal Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Notes and to pay interest

thereon when due until the maturity or redemption date (provided, if such Notes 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 Notes 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 Notes, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to

pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Notes when due, then and in that case the indebtedness evidenced by such Notes shall be discharged and satisfied and all covenants, agreements and obligations of the County to the holders of such Notes shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

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

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

Section 14. Continuing Disclosure. The Municipality hereby covenants and agrees that it will provide annual financial information and material event notices if and as required by Rule 15c2-12 of the Securities Exchange Commission for the Notes. If required, the Mayor is authorized to execute at the Closing of the sale of the Notes, an agreement for the benefit of and enforceable by the owners of the Notes specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of the Municipality to comply with the undertaking herein described, if any, and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Notes to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the Municipality to comply with their undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 15. Reasonably Expected Economic Life. The "reasonably expected economic life" of the Projects within the meaning of Sections 9-21-101 et seq., Tennessee Code Annotated, is greater than twelve (12) years.

Section 16. Qualified Tax-Exempt Obligations. The Governing Body hereby designates the Notes, or any series thereof, as "qualified tax-exempt obligations", to the extent the Notes, or any series thereof, may be so designated, within the meaning of and pursuant to Section 265 of the Internal Revenue Code of 1986, as amended.

Section 17. Resolution a Contract. The provisions of this resolution shall constitute a contract between the Municipality and the registered owners of the Notes, and after the issuance of the Notes, no change, variation or alteration of any kind in the provisions of this resolution altering payment provisions or security for the Notes shall be made in any manner until such time as the Notes and interest due thereon shall have been paid in full.

Section 18. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 19. Effective Date and 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 and this resolution shall be in immediate effect from and after its adoption.

Adopted and approved this seventh day of March, 2013.

/s/Samuel Tharpe
Mayor

/s/Kim Foster
Finance Director

STATE OF TENNESSEE

COUNTY OF HENRY

I, Kim Foster, certify that I am the duly qualified and acting City Recorder of the City of Paris, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of March 7, 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 not to exceed $925,000 General Obligation Capital Outlay Notes.

WITNESS my official signature and seal of said Municipality this 7th day of March, 2013.

/s/Kim Foster
City Recorder

(SEAL)

STATUS OF VARIOUS PROJECTS AND DEPARTMENTAL SUMMARIES

The Ongoing Project Update Sheet, as of March 1, 2013, was presented.

ONGOING PROJECTS (as of 03-01-13)

	Item	Primary Staff	Target Completion Date(s)	Notes
1	Bethel / HCMC	Holder	03-01-13 ???	Bridge construction almost finished. Bethel considering three options for resolving financial issues. Walter Butler has returned to Finance Department. Will meet with him for update soon.
2	Joy Street	Holder / Morris	03-01-13	April 1 start.
3	New Finance, Codes, & Public Works Software	Foster / Pillow / Holder / Jessie / Brown	04-30-13	Bulk of work completed; Individual training next stage.
4	Collinwood Drainage	Public Works	Weather dependent	Phase I will be work on row and easements; J. Morris is in process of obtaining easements.
5	Hazelwood	Holder	Announcement hopefully by the end of April	Proposal submitted; engaging in fund raising campaign; 03-18-03 should be day for start of evaluation of all proposals.
6	Annexation Projects	Holder / Morris	06-30-13	Successful bidder was Marbury of Denmark, TN; under contract; Within budget; BPU to inspect.
7	Employee Handbook	Holder / Foster / Ray	Indefinite	Reflect personnel rules; No progress.
8	SRO	Holder/Elizondo	07-01-13	Negotiating with Mike Brown; Slow going.
9	MTAS Benchmarking	Holder		Approved in January; Will begin implementation in March
10	Consideration of Insurance Coverages	Holder / Foster	Undetermined	SRM to undertake under contract
11	218 Bypass	Morris / Holder / Greer	Undetermined	Received notice to proceed on appraisals and purchases; James Chatham of McKenzie will do first appraisal; Flowers review appraisal; October 1st deadline for purchases.

12	Valleywood Drainage Project	Holder / Jessie		Engage Neel-Schaffer to conduct an engineering study of drainage stream and make recommendations

Notes:

Bethel / HCMC

Waiting on installation of elevator; Walter Butler has returned to Finance Department. The City Manager will meet with him for update soon.

Hazelwood

Proposal to be amended due to pledges received

Annexation Projects

$20,000 will be saved on this Project due to the Board of Public Utilities (BPU) doing the inspection

There being no further business the meeting was duly adjourned at 7:05 p.m.

/s/Samuel Tharpe
Mayor

/s/Kim Foster
Finance Director