

**CITY OF PARIS, TENNESSEE  
BOARD OF COMMISSIONERS  
July 2, 2013  
6:00 P.M.**

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**PUBLIC HEARING**

- 1. Garland Avenue Annexation (Second Reading)**

**REGULAR HEARING**

- I. Call to Order**
- II. Roll Call – Finance Director**
- III. Pledge of Allegiance and Moment of Silence**
- IV. Approval of the Minutes of Previous Meetings – June 6, 2013, June 20, 2013 & June 26, 2013**
- V. The Board Will Hear Comments from the Citizens**
- VI. The Board Will Hear Comments from the Commission**
- VII. OLD BUSINESS**
  - Garland Avenue Annexation (Second Reading)
- VIII. NEW BUSINESS**
  - Financial Update
  - Appointments to Boards
  - Resolution to Authorize the Issuance of \$8,350,000 in Electric Revenue Bonds
  - MS-4 Permit Process
  - Presentation of Excellence in Municipal Government Award
  - Offer from Tennessee Department of Transportation (TDOT)
  - Resolution in Support of the Marketplace Fairness Act
  - Resolution Opposing a Reduction or Elimination of the Tax Exemption on Municipal Bond Interest
- IX. Status of Various Projects and Departmental Summaries**
- X. Adjournment**



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THE CITY COMMISSION  
CITY OF PARIS, TENNESSEE  
JUNE 6, 2013  
REGULAR MEETING

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The Board of Commissioners of the City of Paris, Tennessee met in regular session Thursday, June 6, 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 103 and 105 McClain Road (Seconding Reading)

**NEW BUSINESS**

1. Financial Update
2. Appointments to Boards
3. Rescheduling July City Commission Meeting
4. Recommendation to Change Service Providers for 457K Plan
5. Allocation of Future STP Funds
6. FY 14 Budget Ordinance (First Reading)
7. Tax Rate Ordinance (First Reading)
8. Garland Avenue Annexation (First Reading)

**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  
Mike Brown, Building Inspector  
John Etheridge, Board of Public Utilities

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, June 6, 2013 were approved as presented following a motion by Vice Mayor Griffith and seconded by Commissioner Fuller. The motion carried unanimously.

**COMMENTS FROM CITIZENS**

Ms. Joe Houston, 1424 Valleywood Drive, stated that she had drainage concerns about Valleywood Drive. She said that there was a creek behind her house and that there is a wooded area that fills up when it heavily rains. She thanked the Commission for looking into this matter.

Ms. Rose Presslar, 1608 Valleywood Drive, commented also about the drainage issues on Valleywood Drive. Her concerns were about erosion, trees falling, and deterioration of the system that carries water from the street. She wanted to thank the Commission and appreciates their efforts.

Kathy Ray, President of the Downtown Paris Association, informed the Commission about Downtown Paris Virtual Tours on the website [www.ShopMainStreets.com](http://www.ShopMainStreets.com). Ray thanked the City of Paris for being supportive of DPA.

**COMMENTS FROM COMMISSION**

Commissioner Fuller commended DPA for their good work that they do. Mayor Tharpe agreed for the Commission.

**OLD BUSINESS**

**REZONING REQUEST FOR PROPERTY AT 103 AND 105 McCLAIN ROAD**

Jimmy Dale Freeland submitted an application for rezoning at 103 and 105 McClain Road. This property actually fronts on McClain Road and only a point of the property actually touches Highway 79. The property is currently zoned B-1. It is adjacent to property zoned B-1 that fronts on Highway 79. On the east side of the property it is adjacent to property zoned R-2.

This is a 37.40 tract. The structure that fronts on McClain Road is in need of demolition. Mr. Freeland does not currently live in the structure but has plans to replace it. However, he is unable to do so due to the fact that it is zoned B-1.

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

At the Planning Commission meeting held Thursday, May 9<sup>th</sup>, Mr. Griffith made a motion which was seconded by Mr. Wimberley to rezone the total property R-2. The motion carried unanimously.

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

ORDINANCE NO. 1155

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-2, same being currently zoned B-1:

This property is located in the First Civil District of Henry County, Tennessee. Since part of the property is already zoned R-2, the purpose of this ordinance is making sure the entire tract is rezoned. The property is more particularly described as follows:

See attached Exhibit "A" as shown on Tax Map 116, Parcel 48.00, in the Tax Assessor's Office of Henry County, Tennessee, and further as described in Deed Book 264, at pages 97-100, in the Register's Office of Henry County, Tennessee.

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

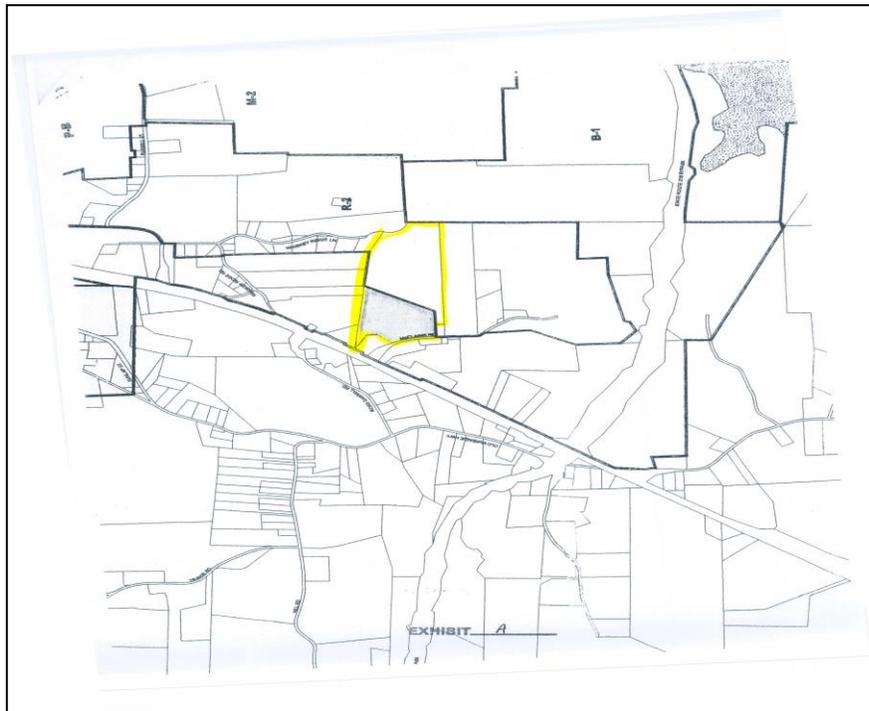
SECTION 3. This ordinance shall take effect on and after passage of final adoption.

Passed and adopted May 2, 2013 .

Passed and adopted June 6, 2013 .

/s/Samuel Tharpe  
Mayor

/s/Kim Foster  
Finance Director



**EXHIBIT A**

**NEW BUSINESS**

**FINANCIAL UPDATE**

Finance Director Kim Foster presented the Financial Update. Foster stated that there was a decrease in retail sales. City Manager Carl Holder informed the Commission that the Stated said that last year we had 3% to 4% optimistic growth while they only used a 2.2% rate.

Foster said that as she had hoped, the administrator of the health care was able to trim cost down and the increase was going to come in at 4.62% instead of the anticipated near 11%. That difference saved the city around \$30,000. Holder recommended that amount go into the Valleywood drainage project for next year.

### **APPOINTMENTS TO BOARDS**

After a brief discussion, Commissioner Fuller made a motion which was seconded by Vice Mayor Griffith to approve the reappointment of Ricky Searcy to the Alcoholic Beverage Commission for a 3 year term, and Ramay Winchester to the Paris-Henry County Library Board for a 3 year term. The motion carried unanimously.

### **RESCHEDULING FOR THE JULY CITY COMMISSION MEETING**

The City Commission Meeting was rescheduled for Tuesday, July 2<sup>nd</sup>. A Special-Called Meeting was scheduled for Thursday, June 20, 2013 at 12 noon.

### **RECOMMENDATION TO CHANGE SERVICE PROVIDERS FOR 457K PLAN**

The City of Paris has maintained a 457K (pre-tax) Plan for a number of years. The US Conference of Mayors is the Plan sponsor and Nationwide has been the service provider. Recently the USCM changed providers due primarily to what was perceived as Nationwide's preference for featuring their own mutual funds over more productive offerings and their cancellation of better funds if the fee to Nationwide when up.

We were approached by the current USMC endorsed service provider, Great-Western Retirement Services to consider transferring. I set up a series of meetings with current participants (19) to hear their opinions and also gave them access to a Great Western agent to answer questions. The consensus was to move, although response was not overpowering.

The City as the fiduciary agent can make the decision. I believe the decision should be two-fold:

- consider current participants (total dollars contributed are relatively low; and
- consider long-term implications.

Let me declare at this point, I personally constitute over 55% of the contributions. However, since I am a relative short-timer, my personal opinion should not be weighed disproportionately.

Staff recommendation is that we move to the plan sponsor (USCM) preferred provider based on the following"

1. Lack of service by Nationwide;
2. USCM unhappiness with Nationwide fee structure; and
3. Nationwide's preference for fund changes favoring their own fund groups.

After a brief discussion, Vice Mayor Griffith made a motion which was seconded by Commissioner Lackey to approve the recommendation to change service providers for the 457K Plan from Nationwide to Great-Western Retirement Services. The motion carried unanimously.

## **ALLOCATION OF FUTURE STP FUNDS**

The Federal Highway Administration has announced that a significant amount of funds for STP projects. We do not know what our share will be yet. A substantial portion will go to reimburse the Program for the cost of Joy Street over and above our current allocation. This is the agreement we worked out when the bids and engineering cost significantly surpassed the TDOT Budget for the Project.

The City Manager will inform the Commission when we are advised of our allocation level, the probable balance, and recommend potential projects.

## **FY 2014 BUDGET ORDINANCE (FIRST READING)**

The FY 14 Budget was proposed for First Reading, as directed by the Commission at the Monday, June 3rd budget review.

After First Reading, the budget must be published at least ten (10) days prior to the Final Reading.

After a brief discussion, Commissioner Lackey made a motion which was seconded by Commissioner Gerrell to approve the Budget Ordinance on First Reading. The motion carried unanimously.

It was also decided that the saving from health care insurance, \$30,000 would go to the drainage project.

## **FY 2014 TAX RATE ORDINANCE (FIRST READING)**

The current tax rate is \$.6542 per \$100 of assessed value. No change is recommended.

After a brief discussion, Commissioner Fuller made a motion which was seconded by Commissioner Gerrell to approve the Tax Rate Ordinance on First Reading. The motion carried unanimously.

## **GARLAND AVENUE ANNEXATION (FIRST READING)**

At the Planning Commission meeting held Thursday, May 9th, rezoning for Garland Avenue Annexation was brought before the board for discussion. In January 2012, the Planning Commission studied the annexation of the Garland Avenue area. At the time, the Planning Commission made their recommendations for the Plan of Services. However, the recommendation for zoning of that area was omitted.

The property to the east of this area is zoned R-2 High Density. Staff recommended that the R-2 High Density be extended to the annexed area.

After a brief discussion, Mr. Griffith made a motion which was seconded by Mr. Gerrell to approve the zoning for the Garland Avenue annexation. The motion carried unanimously.

This was presented for First Reading. A Public Hearing and a Second Reading will be scheduled for the July City Commission Meeting.

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

## **STATUS OF VARIOUS PROJECTS AND DEPARTMENTAL SUMMARIES**

The Ongoing Project Update Sheet, as of May 29, 2013, is presented for your review.

**ONGOING PROJECTS (as of 05-28-13)**

	<u>Item</u>	<u>Primary Staff</u>	<u>Target Completion Date(s)</u>	<u>Notes</u>
1	Bethel / HCMC	Holder		Bethel considering options for resolving financial issues. Bethel has issues with Venture Construction. Will settle up soon.
2	Joy Street	Holder / Morris	07-31-13	Progressing well.
3	Curbside Service	Jessie	Complete	More exceptions than anticipated; Experiencing switchover problems.
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	06-27-13 Visit of Selection Committee	Marketing Committee revising proposal for presentation.
6	Annexation Projects	Holder / Morris	08-30-13	Progressing well; Water finished; Working on sewer.
7	Employee Handbook	Holder / Foster / Ray	Indefinite	Reflect personnel rules; No progress
8	641 North	Holder / Morris	October 2013	Negotiating w/ TDOT on City-owned property on 641 North and coordinating negotiations with ICI on property in the name of PIDB
9	MTAS Benchmarking	Holder	02-28-13	Approved in January; Will begin process in August
10	Consideration of Insurance Coverage	Holder / Foster	02-28-13	USI on board but do not have rate change yet
11	218 Bypass	Morris / Holder / Greer	Undetermined	Chatham of McKenzie will do first appraisal; Flowers will review appraisal; October 1 <sup>st</sup> deadline for purchases
12	Valleywood Drainage Project	Holder / Jessie	Undetermined	Engage Neel-Schaffer to conduct engineering study of drainage stream; Make recommendations; Report due June 1

There being no further business, the meeting was duly adjourned at 6:45 p.m.

/s/Samuel Tharpe  
Mayor

/s/Kim Foster  
Finance Director

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THE CITY COMMISSION  
CITY OF PARIS, TENNESSEE  
JUNE 20, 2013  
SPECIAL CALLED MEETING

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The Board of Commissioners of the City of Paris, Tennessee met in a special-called session Thursday, June 20, 2013 at 12:00 noon in the City Hall Meeting Room of the City of Paris, Tennessee for the purpose of conducting the following and any other business:

**OLD BUSINESS:**

1. FY 2014 Budget Ordinance (Seconding Reading)
2. FY 2014 Tax Rate Ordinance (Second Reading)

**NEW BUSINESS**

1. Final FY 2013 Budget Amendment (First Reading)
2. Resolution Relating to Internal Financial Controls Policy
2. Appointments to Boards

Present: Mayor Sam Tharpe  
Vice Mayor Gayle Griffith  
Commissioner Terry Fuller  
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  
Mike Brown, Building Inspector  
Lana White, Account Clerk  
Terry Wimberley, Board of Public Utilities

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

Mayor Tharpe called the meeting to order.

<b>OLD BUSINESS</b>
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**FY 2014 BUDGET ORDINANCE (SECOND READING)**

The FY 2014 Budget Ordinance was presented for Second Reading and a Public Hearing was held prior to the Commission Meeting.

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

ORDINANCE NO. 1156

AN ORDINANCE OF THE CITY OF PARIS, TENNESSEE ADOPTING THE ANNUAL BUDGET FOR  
THE FISCAL YEAR BEGINNING JULY 1, 2013 AND ENDING JUNE 30, 2014

WHEREAS, *Tennessee Code Annotated* Title 9 Chapter 1 Section 116 requires that all funds of the State of Tennessee and all its political subdivisions shall first be appropriated before being expended and that only funds that are available shall be appropriated; and

WHEREAS, the Municipal Budget Law of 1982 requires that the governing body of each municipality adopt and operate under an annual budget ordinance presenting a financial plan with the information required by that state statute and that no municipality may expend any moneys regardless of the source except in accordance with a budget ordinance and that the City Commission shall not make any appropriations in excess of estimated available funds except to provide for an actual emergency threatening the health, property or life of the inhabitants of the City of Paris; and

WHEREAS, the City Commission has published the annual operating budget in a newspaper of general circulation not less than ten (10) days prior to the meeting when the City Commission will consider final passage of the budget; and

NOW THEREFORE BE IT ORDAINED BY THE CITY OF PARIS, TENNESSEE AS FOLLOWS:

SECTION 1. The City Commission of the City of Paris does adopt the following revenue schedule for fiscal Year 2014:

	<u>2012 Actual</u>	<u>2013 Budgeted</u>	<u>2014 Proposed</u>
Property Taxes	\$1,129,103	\$1,143,500	\$1,148,000
Sales Tax (State & Local)	\$4,090,451	\$4,285,000	\$4,220,000

SECTION 2. The City of Paris City Commission does hereby adopt the following estimate of revenues, estimated unencumbered fund balances, and expenditures:

Fund	General			Solid Waste		
	FY 2012 Audited	FY 2013 Budget	FY 2014 Proposed	FY 2012 Audited	FY 2013 Budget	FY 2014 Proposed
<b>Revenues</b>						
Local Taxes	\$6,376,544	\$6,613,500	\$6,608,000			
State of TN	1,201,189	1,768,000	1,564,000			
Federal Government	457,638	177,250	159,250			
Other Sources	7,810,735	7,427,940	2,422,700	1,702,058	1,593,375	1,572,875
<b>Total Revenues</b>	<b>\$15,846,106</b>	<b>\$15,986,690</b>	<b>\$10,753,950</b>	<b>\$1,702,058</b>	<b>\$1,593,375</b>	<b>\$1,572,875</b>
<b>Expenditures</b>						
Salaries	\$4,105,068	\$4,253,040	\$4,485,964	\$358,350	\$364,462	\$385,525
Other	11,299,438	11,702,143	6,492,843	1,326,461	1,013,659	934,281
<b>Total Expenditures</b>	<b>\$15,404,506</b>	<b>\$15,955,183</b>	<b>\$10,978,807</b>	<b>\$1,684,811</b>	<b>\$1,378,121</b>	<b>\$1,319,806</b>

Beginning Fund Balance	\$2,004,733	\$2,446,333	\$2,477,840	\$1,827,164	\$1,844,411	\$2,059,665
Ending Fund Balance	2,446,333	2,477,840	2,252,983	1,844,411	2,059,665	2,312,734
No. of FTE Employees	107	108	108	11	11	11

Fund	Drug			Cemetery		
	FY 2012 Audited	FY 2013 Budget	FY 2014 Proposed	FY 2012 Audited	FY 2013 Budget	FY 2014 Proposed
<b>Revenues</b>						
Local Taxes						
State of TN						
Federal Government						
Other Sources	\$53,304	\$52,075	\$60,100	\$670	\$600	\$400
<b>Total Revenues</b>	<b>\$53,304</b>	<b>\$52,075</b>	<b>\$60,100</b>	<b>\$670</b>	<b>\$600</b>	<b>\$400</b>
<b>Expenditures</b>						
Salaries						
Other	\$81,185	\$89,250	\$82,050	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$81,185</b>	<b>\$89,250</b>	<b>\$82,050</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Beginning Fund Balance	\$151,653	\$123,772	\$86,597	\$180,910	\$181,580	\$182,180
Ending Fund Balance	\$123,772	\$86,597	\$64,647	\$181,580	\$182,180	\$182,580
No. of FTE Employees	0	0	0	0	0	0

SECTION 3. The City Commission of the City of Paris accordingly appropriate from the estimate of revenues and unencumbered fund balances the following amounts for Fiscal Year 2014 (July 1, 2013 through June 30, 2014) the following amounts as set forth above:

General Fund	\$13,231,790
Solid Waste Fund	3,632,540
Drug Fund	146,697
Cemetery Fund	<u>182,580</u>
<b>Total All Funds</b>	<b>\$17,193,607</b>

SECTION 4. As required by statute, the City of Paris City Commission does incorporate the following Board of Public Utilities Budget as formally adopted by the Board of Public Utilities governing Board.

Fund	Water/Sewer			Electric		
	FY 2012 Audited	FY 2013 Budget	FY 2014 Proposed	FY 2012 Audited	FY 2013 Budget	FY 2014 Proposed
<b>Revenues</b>						
Local Taxes						
State of TN						
Federal Government						
Other Sources	3,567,250	3,650,854	3,720,600	44,743,310	47,193,695	46,166,400
<b>Total Revenues</b>	<b>\$3,567,250</b>	<b>\$3,650,854</b>	<b>\$3,720,600</b>	<b>\$44,743,310</b>	<b>\$47,193,695</b>	<b>\$46,166,400</b>
<b>Expenditures</b>						
Salaries	1,082,462	1,105,965	1,123,000	2,656,137	2,681,892	2,767,142
Other	2,285,542	2,712,000	2,537,950	40,506,850	42,291,115	42,015,935
<b>Total Expenditures</b>	<b>\$3,368,004</b>	<b>\$3,497,671</b>	<b>\$3,660,950</b>	<b>\$43,162,987</b>	<b>\$44,973,007</b>	<b>\$44,783,077</b>
<b>Surplus/Deficit</b>	<b>\$199,246</b>	<b>\$153,183</b>	<b>\$59,650</b>	<b>\$1,580,323</b>	<b>\$2,220,688</b>	<b>\$1,383,323</b>
(Add/Subtract from						
Net Assets)	14,619,857	14,773,040	14,832,690	32,545,929	34,766,617	36,149,940

SECTION 5. The City Commission acknowledges the following indebtedness on behalf of the City and the Board of Public Utilities:

**CITY OF PARIS SCHEDULE OF OUTSTANDING DEBT  
FISCAL YEAR 2013 DEBT SERVICE PAYMENT**

<b>NOTES</b>						
	<u>Authorized &amp; Unissued</u>	<u>Outstanding</u>	<u>Payment Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
TML Note 2003	\$0	\$138,000	General	\$44,000	\$5,163	\$49,163
TML Note 1998	0	1,267,000	General	185,000	4,688	189,688
Water CON 2011	0	918,802	Water	86,975	28,923	115,898
Sewer CON 2011	0	1,670,781	Sewer	158,025	52,596	210,621
Water & Waste Water CON 2013	0	920,000	Water / Sewer	75,000	20,744	95,744
<b>TOTAL NOTES</b>	<b>\$0</b>	<b>\$4,914,583</b>		<b>\$549,000</b>	<b>\$112,114</b>	<b>\$661,114</b>

<b>LOAN AGREEMENTS</b>						
RDA Loan 2008	\$0	\$423,947	Economic	\$92,500	\$0	\$92,500
RDA Loan 2009	0	375,000	Economic	75,000	0	75,000
RDA Loan 2012	0	<u>1,100,000</u>	Economic	0	0	0
<b>TOTAL LOANS</b>	<b>\$0</b>	<b>\$1,898,947</b>		<b>\$167,500</b>	<b>0</b>	<b>\$167,500</b>
<b>GO BONDS</b>						
TML 2011 Series \$6,500,000	\$0	\$6,170,000	General	\$350,000	\$308,500	\$658,500
TML 2012 Series \$1,200,000	<u>270,000</u>	<u>863,000</u>	General	<u>94,000</u>	<u>56,200</u>	<u>150,200</u>
<b>TOTAL BONDS</b>	<b>\$270,000</b>	<b>\$7,033,000</b>		<b>\$444,000</b>	<b>\$364,700</b>	<b>\$808,700</b>
<b>REVENUE BONDS</b>						
Electric System 2008	\$0	\$3,185,000	Electric	\$485,000	\$119,463	\$604,463
Electric System 2004	0	<u>2,565,000</u>	Electric	<u>340,000</u>	<u>81,558</u>	<u>421,558</u>
<b>TOTAL REVENUE BONDS</b>	<b>\$0</b>	<b>\$5,750,000</b>		<b>\$825,000</b>	<b>\$201,021</b>	<b>\$1,026,021</b>
<b>CAPITAL LEASES</b>						
GE Commercial 2011	0	31,931	General	15,600	1,450	17,050 *
Bancorp South Finance	0	<u>42,130</u>	Solid Waste	<u>42,130</u>	<u>1,500</u>	<u>43,630 *</u>
<b>TOTAL CAPTIAL LEASES</b>	<b>\$0</b>	<b>\$74,060</b>		<b>\$57,730</b>	<b>\$2,950</b>	<b>\$60,680</b>

SECTION 6. For Fiscal Year 2014, the following capital projects as proposed:

<u>Project</u>	<u>Proposed Appropriation Amount</u>	<u>By Debt</u>
Annexation Projects	\$270,000	\$270,000
Joy Street Intersection	300,000	0
Street Improvement	150,000	0
By Pass Project	500,000	0

SECTION 7. A detailed financial plan will be attached to this budget and become part of this budget ordinance.

SECTION 8. All encumbered balances of appropriations remaining at the end of the fiscal year shall lapse and revert to the respective fund balances.

SECTION 9. This ordinance shall take effect July 1, 2013, the public welfare requiring it.

Passed and adopted \_\_\_\_\_ June 6, 2013 \_\_\_\_\_.

Passed and adopted \_\_\_\_\_ June 20, 2013 \_\_\_\_\_.

/s/Samuel Tharpe  
Mayor

/s/Kim Foster  
Finance Director

**FY 2014 TAX RATE ORDINANCE (SECOND READING)**

The current tax rate is \$.6542 per \$100 of assessed value. No change is recommended.

The FY 2014 Tax Rate Ordinance is presented for Second Reading and a Public Hearing was held prior to the Commission Meeting.

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

AN ORDINANCE Fixing the Tax Rate and Providing for the Date and Condition of Payment for the Year 2013.

BE IT ORDAINED by the Board of Commissioners of the City of Paris, Tennessee, that the following shall be the tax rate and conditions by which they may be paid for the year 2013.

SECTION 1. A tax of \$.6542 per hundred dollars (\$100) of assessed valuation on all taxable property, real and personal, within the corporate limits of the City of Paris, be and hereby is levied for the use of the City of Paris, Tennessee, for the taxable year of 2013.

SECTION 2. All taxes on property, both real and personal, shall be due and payable upon the effective date of this ordinance and shall become delinquent on the first (1<sup>st</sup>) day of March, 2014. In the event that payment is not made before March 1, 2014, the amount of said tax will become delinquent and a penalty of one and one-half percent (1.5%) for each month thereafter for twelve months upon all taxes remaining shall be imposed and collected by the City and paid into the City Treasury.

SECTION 3. All ordinance and parts of ordinances or resolutions in conflict with this ordinance are hereby repealed.

SECTION 4. This ordinance shall take effect on the first day of October, 2013.

Passed and adopted June 6, 2013.

Passed and adopted June 20, 2013.

/s/Samuel Tharpe  
Mayor

/s/Kim Foster  
Finance Director

<b>NEW BUSINESS</b>
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FINAL FY 2013 BUDGET AMENDMENT (FIRST READING)

The Final FY 2013 Budget Amendment was presented for First Reading. After a brief discussion, Vice Mayor Griffith made a motion which was seconded by Commissioner Fuller to approve the Budget Amendment on First Reading. The motion carried unanimously.

It was decided to conduct the Public Hearing and Second Reading on the Final FY 2013 Budget Amendment at a Special-Called Meeting on Wednesday, June 26, 2013 at 12 Noon.

RESOLUTION RELATING TO INTERNAL FINANCIAL CONTROLS POLICY

Within the last decade, there have been numerous news reports focusing on public fraud and theft in local government by public officers. In response to these fraud and theft issues, the Tennessee General Assembly passed the Local Government Instances of Fraud Reporting Act and The Municipal Finance Officer Certification and Education Act in 2007.

The first Act requires the reporting of “theft, forgery, credit card fraud, or any other act of unlawful taking, waste, or abuse of, or official misconduct, involving public money, property ... by public officials.”

The second Act requires the hiring of or contracting with a Certified Municipal Finance Officer (CMFO), sending an employee for CMFO certification, or sending an employee through 24 hours of annual CMFO training (only for cities with gross revenues and outstanding debt at or below \$100,000).

The passage of these two Acts by the Tennessee State Legislature clearly indicates that fraud and theft are serious issues, and that municipalities should take proactive steps to minimize the associated exposures.

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

RESOLUTION NO. 1521

RESOLUTION RELATING TO INTERNAL FINANCIAL CONTROLS POLICY

WHEREAS, the Tennessee Municipal League Risk Management Pool has recommended that the City of Paris adopt a Risk Pool endorsed Internal Financial Control Policy; and

WHEREAS, by administrative order the City Manager has adopted the policy; and

WHEREAS, said policy requires that all employees with the authority to with and sign checks must be approved by resolution; and

NOW THEREFORE BE IT RESOLVED that the following persons are authorized to write and / or sign checks:

Kim Foster, Finance Director

Traci Pillow, Accounts Payable Clerk

Carl Holder, City Manager

And that the City of Paris City Commission does hereby adopt this Resolution.

Unanimously adopted this the 20th day of June, 2013.

/s/Samuel Tharpe  
Mayor

/s/Kim Foster  
Finance Director



## CITY OF PARIS, TENNESSEE

### INTERNAL FINANCIAL CONTROLS POLICY

Adopted June 20, 2013  
(Date)

#### INTRODUCTION

The City of Paris, TN has adopted and implemented this Internal Financial Controls Policy to safeguard public funds and to provide clear instructions to City officers and employees as to how such funds should be processed and recorded. All city officers and employees handling city funds shall be subject to the requirements of this policy. This Policy may be amended from time to time by the City Manager.

#### RECEIPTS AND DEPOSITS OF FUNDS

**The Accounting Clerk in the Finance Office shall be responsible for opening all incoming mail and stamping "For Deposit Only" on all checks immediately upon receipt.** This employee should also prepare a list of checks or payments and calculate the total amount of all money/checks received. In addition, any checks received without payment stubs, shall be receipted in duplicate. **The list of payments received shall be signed by this employee and remitted along with the money/checks, stubs and receipts to the Chief Accounting Clerk for processing.**

All cash payments should be received by the Accounting Clerk who shall be responsible for preparing a receipt and duplicate for all such funds. All cash and duplicate receipts should be turned over to the Chief Accounting Clerk not later than the end of each business day. A daily collection report should be prepared by each employee receiving any cash payments summarizing all collections by source.

Cash receipts received by other departments within the City should be monitored carefully by separate individuals and a written receipt and duplicate should be produced for all such funds. A daily collection report should be prepared by each department summarizing all cash collections. The daily collection should then be sent to the Finance office which is responsible for recording the activity. These funds will be verified and recorded into the financial software by either the Accounting Clerk or Chief Accounting Clerk who will issue a receipt back to the department along with a duplicate receipt to be retained in the Finance office.

All deposits will be posted to the City's cash receipts journal by the Chief Accounting Clerk who will also prepare the daily deposit. Once the deposit is prepared, it will be verified by the Accounting Clerk. Both individuals will sign off on the deposit indicating concurrence with the amount to be deposited. A police officer will take the deposit to the bank each morning. Finally, **all collections must be deposited no later than three (3) working days after initial receipt.** Deposit receipts should also be retained and matched against the collection reports.

## CHECK WRITING AND DISBURSEMENTS

All persons with authority to write and sign checks on the behalf of the City of Paris shall be approved by the City Manager. **The Chief Accounting Clerk who is responsible for reconciling the bank statements shall not be authorized to sign checks.**

**Two (2) authorized signatures are required for all checks.** Before signing checks, each signator should review the supporting documentation (such as vendor invoices, purchase authorizations, etc.) to verify that the expenditure is legitimate before the check is signed.

All debit/credit card statements should be reviewed by multiple persons, including by individuals independent of those who are authorized to use such cards, to ensure the legitimacy of the charges. **All persons using City of Paris credit cards shall be specifically authorized to do so by the City Manager and shall comply with the City's credit card use policy.**

## PETTY CASH

Petty cash disbursements are only allowable for legitimate purposes, are not for personal use and must be properly documented. An invoice/receipt or a written petty cash voucher/request showing the items purchased, and *signed by the person receiving the cash*, is required in each transaction at the time the petty cash is withdrawn. The amount on hand and the petty cash vouchers and/or related invoices/receipts written must total to the originally authorized amount. **The Finance Director shall be responsible for monitoring the petty cash account and shall "audit" the petty cash account for any discrepancies at least once a month. This employee shall not make any withdrawals from petty cash.** The petty cash account may be used only for withdrawals of less than \$25 and the total account balance shall not exceed \$150.



## CITY OF PARIS, TENNESSEE

### CREDIT CARD POLICY

Adopted June 20, 2013  
(Date)

## INTRODUCTION – GENERAL

The City of Paris, TN has adopted and implemented this Credit Card Policy to safeguard public funds and to provide clear instructions to City officers and employees that have been formally authorized to use City credit cards. All city officers and employees using City of Paris credit cards must be specifically authorized by the City Manager and shall be subject to the requirements of this policy. For the purposes of this policy, all authorized officers and employees shall be referred to as "cardholders." This Policy may be amended from time to time by the City Manager.

As a cardholder, you assume the responsibility for the protection and proper use of the card. Purchases with city credit cards must not conflict with the City of Paris's Purchasing

Policy. Cardholders are responsible for all charges on the cards authorized to them. Cards and card numbers must be safeguarded against unauthorized use.

All credit card transactions will be visible via secure internet reporting tools and all cardholders' purchasing activity will be monitored by the finance department and reviewed by the City auditors. Credit cards are not intended to be used for normal, recurring expenses associated with normal department operations. Business accounts should be set up for recurring activities. Receipts for all purchases by credit card shall be forwarded to the Chief Accounting Clerk.

It is the goal of the City of Paris to have all transactions sales tax exempt, when applicable. It is the cardholder's responsibility to notify the supplier, at the time of the transaction, if it will be exempt from sales tax.

The following situations are examples of misuse of the card:

- Purchases for personal benefit of the cardholder or another employee
- Use of the card by an unauthorized employee
- Use of a card by a suspended or terminated employee
- Purchases that are not for legitimate City/Town and public purposes
- Purchases in violation of the City/Town Purchasing Policy
- Splitting a purchase to avoid a single-purchase limitation
- Use of the card for commodities, goods, or services at vendors with City/Town accounts
- Lack of proper and timely submission of all purchase receipts

**Any violations of this policy may subject to the employee to discipline, including termination.**

#### **CREDIT CARD AUDITS AND DOCUMENTATION OF PURCHASES**

The City's Finance Director and/or auditor will make periodic audits to verify that commodities, goods, and services purchased have been received and that policies and procedures are being followed. Adequate documentation must be maintained to record all transactions at the source. If a receipt is lost, a missing receipt affidavit must be filled out by the cardholder.

#### **DISPUTING A TRANSACTION**

If you as a cardholder believe a transaction is disputable, first contact the merchant to attempt resolution before beginning the official dispute process. Also, immediately notify the Finance Director of the disputed charge. In most cases, the merchant will credit (chargeback) your account and handle your needs in a professional manner. If you cannot resolve the transaction in dispute, FIA Card Services will follow standard regulations outlined if the required written notification from the cardholder is received within sixty (60) days of the transaction date. You agree to cooperate fully in dealing with the credit card company for all disputed purchases.

#### **CARDHOLDER RESPONSIBILITY AND PURCHASING GUIDELINES**

It is important to remember that when using the card, you are expending taxpayer funds and that all credit card purchases must comply with City policies, including this policy, the Purchasing Policy and the Internal Financial Controls Policy. Your expenditures are held to the highest degree of trust and accountability.

Cardholder privileges and procedures are contingent upon the following:

- **You must obtain and preserve ALL receipts.** Turn in all receipts to the Chief Accounting Clerk regularly but at least weekly so that it may be compared with your credit card statement. Failure to produce adequate legible receipts will be subject to

strict scrutiny by the finance department and City auditors. *Proper forms of transaction documentation include an invoice with detail of items purchased, cash register receipt with detail of items purchased, sales slip with detail of items purchased, or handwritten receipt signed by an employee of the supplier/merchant that includes detail of items purchased. **In the event a receipt is lost, you must submit a “missing receipt affidavit” in lieu of the receipt.***

- If a cardholder fails to turn in a receipt, he/she must sign the document set forth on the following page of these policies. Multiple failures to provide receipts may result in cancellation of the card and other disciplinary action.
- Cash back, cash refunds or rebates may not be received by the cardholder.
- Splitting of transactions is not allowable (making one purchase into two or more for the purpose of staying within your limits).

**LOST OR STOLEN CARDS** In the event of a lost, stolen or, mutilated card, cardholders should immediately notify FIA Card Services at 800-892-3219 and the finance department. Please protect your card by keeping it in a safe place and away from other “magnetized” stripe cards. Replacing your card may take 7-10 business days.



## **CITY OF PARIS, TENNESSEE**

### **CREDIT CARD USER AGREEMENT**

I, \_\_\_\_\_ hereby acknowledge receipt of a City of Paris credit card, issued by FIA Card Services. As a cardholder, I agree to comply with the terms of this agreement, including all of the City of Paris’s policies and procedures included in the Credit Card Policy and Procedures Guide.

I understand that the City of Paris is **liable for all charges.**

I agree that I will not use the credit card to make personal purchases for others or myself.

I understand that I will not request or receive cash back from suppliers as a result of exchanges, rebates, and refunds or for any other reason.

I understand that the City can terminate my right to use the card at any time, for any reason. I agree to return my card to the Finance Director immediately upon request or upon termination of employment.

I have reviewed the City of Paris Credit Card Policy. I understand the procedures and requirements for using the credit card and for providing the required documentation for each transaction made on this card.

I understand that any violation of the terms of this agreement may result in disciplinary action, up to and including termination of employment. I understand that where allowed by State and Federal law the City may deduct from my compensation the money amount equal to the total of any discrepancies, of the total amount of any personal gain, and/or of any fees related to the collection of such money. I understand that the City may elect to collect this money and make also recover the reasonable costs of said collection, even if the City no longer employs me.

\_\_\_\_\_  
Cardholder Name (print)

\_\_\_\_\_  
Department

\_\_\_\_\_  
Cardholder Signature

\_\_\_\_\_  
Date

RETURN THIS PAGE TO THE FINANCE DEPARTMENT TO RECEIVE CARD

<b>CONCLUSION</b>
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All city employees are responsible for safeguarding public funds and the public trust. Any violations of this policy observed by any city employees shall be reported to the City Manager. Any employees found to have violated this policy may be disciplined up to and including termination.

**APPOINTMENTS TO BOARDS**

The Mayor wanted to make the July appointments at this time since he would be absent at the Tuesday, July 2<sup>nd</sup> City Commission meeting.

After a brief discussion, Commissioner Fuller made a motion which was seconded by Vice Mayor Griffith to approve the reappointment of Bill Culley to the Board of Public Utilities for another 4 year term, the reappointment of Charlie Atkinson to the Housing Authority Board for another 5 year term, and the appointment of Jen Snow to the Paris-Henry County Library Board. The motion carried unanimously.

After a brief discussion, Vice Mayor Griffith made a motion which was seconded by Commissioner Gerrell to approve the reappointment of Kathy Caldwell to the Paris-Henry County Volunteer Center Board for another 3 year term. It was noted by City Attorney Fred McLean that appointments to this Board are done with by the Mayor with Commission Approval. The motion carried unanimously.

On the Housing Authority Board, Ed Brazelton did not want to be reappointed. On the Regional Library Board, Bob Bowen did not want to be reappointed. Appointments to these two boards will be considered at the City Commission Meeting scheduled for Tuesday, July 2, 2013.

There being no further business the meeting was duly adjourned at 12:15 p.m.

/s/Samuel Tharpe  
Mayor

/s/Kim Foster  
Finance Director

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THE CITY COMMISSION  
CITY OF PARIS, TENNESSEE  
JUNE 26, 2013  
SPECIAL-CALLED MEETING

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The Board of Commissioners of the City of Paris, Tennessee met in special-called session Wednesday, June 26, 2013 at 12 Noon 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. Final FY 2013 Budget Amendment (Seconding Reading)

Present: Mayor Sam Tharpe  
Vice Mayor Gayle Griffith  
Commissioner Terry Fuller

Also Present: Carl Holder, City Manager  
Fred McLean, City Attorney  
Willette Ray, Administrative Assistant to the City Manager

<b>OLD BUSINESS</b>
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**FINAL FY 2013 BUDGET AMENDMENT (SECOND READING)**

The Final FY 2013 Budget Amendment was presented for Second Reading and a Public Hearing was held prior to the Commission Meeting.

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

**ORDINANCE NO.1158**

AN ORDINANCE TO AMEND THE CITY OF PARIS FISCAL YEAR  
2012– 2013 BUDGET

WHEREAS, *Tennessee Code Annotated* Title 9 Chapter 1 Section 116 requires that all funds of the State of Tennessee and all its political subdivisions shall first be appropriated before being expended and that only funds that are available shall be appropriated; and

WHEREAS, the Municipal Budget Law of 1982 requires that the governing body of each municipality amend the annual budget ordinance to insure compliance with the relating lawful expenditures,

NOW THEREFORE BE IT ORDAINED BY THE CITY OF PARIS, TENNESSEE AS FOLLOWS:

Section 1. The FY 2012 – 2013 Budget Ordinance, Section 2 shall be amended by deleting Section 2 in its entirety;

Fund	General			Solid Waste		
	FY 2011 Audited	FY 2012 Estimated	FY 2013 Proposed	FY 2011 Audited	FY 2012 Estimated	FY 2013 Proposed
<b>Revenues</b>						
Local Taxes	\$5,697,504	\$5,803,600	\$6,601,000			
State of TN	1,391,997	1,595,200	1,766,500			
Federal Government	554,132	792,000	187,300			
Other Sources	2,970,278	9,848,101	7,391,890	1,558,270	1,566,500	1,593,375
<b>Total Revenues</b>	<b>\$10,613,911</b>	<b>\$18,038,901</b>	<b>\$15,946,690</b>	<b>\$1,558,270</b>	<b>\$1,566,500</b>	<b>\$1,593,375</b>
<b>Expenditures</b>						
Salaries	\$4,116,523	\$4,027,686	\$4,253,041	\$351,399	\$331,587	\$364,462
Other	6,211,895	13,884,510	11,648,369	748,406	1,144,813	1,013,658
<b>Total Expenditures</b>	<b>\$10,328,418</b>	<b>\$17,912,196</b>	<b>\$15,901,410</b>	<b>\$1,099,805</b>	<b>\$1,476,400</b>	<b>\$1,378,120</b>
Beginning Fund Balance	\$1,719,240	\$2,004,733	\$2,131,438	\$1,368,699	\$1,827,164	\$1,917,264
Ending Fund Balance	2,004,733	2,131,438	2,176,718	1,827,164	1,917,264	2,132,519
No. of FTE Employees	107	107	108	11	11	11

Fund	Drug			Cemetery		
	FY 2011 Audited	FY 2012 Budget	FY 2013 Proposed	FY 2011 Audited	FY 2012 Budget	FY 2013 Proposed
<b>Revenues</b>						
Local Taxes						
State of TN						
Federal Government						
Other Sources	\$60,981	\$60,000	\$52,075	\$1,069	\$2,000	\$600
<b>Total Revenues</b>	<b>\$60,981</b>	<b>\$60,000</b>	<b>\$52,075</b>	<b>\$1,069</b>	<b>\$2,000</b>	<b>\$600</b>
<b>Expenditures</b>						
Salaries						
Other	\$58,582	\$83,500	\$89,250	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$58,582</b>	<b>\$83,500</b>	<b>\$89,250</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Beginning Fund Balance	\$149,254	\$151,653	\$128,153	\$179,841	\$180,910	\$182,910
Ending Fund Balance	\$151,653	\$128,153	\$90,978	\$180,910	\$182,910	\$183,510
No. of FTE Employees	0	0	0	0	0	0

Section 2. The City of Paris City Commission does hereby amend the estimated unencumbered fund balances and expenditures as follows:

General Fund Expenditures are amended as follows:

In Economic Development,

- o OASI Employers Share will increase by \$2,200
- o Hospital & Health Insurance will increase by \$2,900
- o Retirement will increase by \$3,200

City Hall Repair and Maintenance

- o Plumbing, Heating, and Electric will increase by \$8,700

Building Inspection

- o Telephone and Fax will increase by \$2,500
- o

Street Lighting

- o Contractual Services will increase by \$25,000

Civic Center

- o Administrative Salaries will increase by \$14,000

Parks and Recreation

- o Administrative Salaries will increase by \$22,000
- o Electric will increase by \$22,000

Library

- o Grants will increase by \$950

Community Development

- o Bethel / HCMC Project will decrease by \$300,000
- o Joy Street Intersection Project will decrease by \$200,000
- o Current Annexation Project will decrease by \$150,000

By-Pass Project will decrease by \$450,000

So that Section 2 shall read as follows:

Fund	General			Solid Waste		
	FY 2011 Audited	FY 2012 Estimated	FY 2013 Proposed	FY 2011 Audited	FY 2012 Estimated	FY 2013 Proposed
<b>Revenues</b>						
Local Taxes	\$5,697,504	\$5,803,600	\$6,601,000			
State of TN	1,391,997	1,595,200	1,766,500			
Federal Government	554,132	792,000	187,300			
Other Sources	2,970,278	9,848,101	7,391,890	1,558,270	1,566,500	1,593,375
<b>Total Revenues</b>	<b>\$10,613,911</b>	<b>\$18,038,901</b>	<b>\$15,946,690</b>	<b>\$1,558,270</b>	<b>\$1,566,500</b>	<b>\$1,593,375</b>

<b>Expenditures</b>						
Salaries	\$4,116,523	\$4,027,686	\$4,289,041	\$351,399	\$331,587	\$364,462
Other	6,211,895	13,884,510	10,669,592	748,406	1,144,813	1,013,658
<b>Total Expenditures</b>	<b>\$10,328,418</b>	<b>\$17,912,196</b>	<b>\$14,958,633</b>	<b>\$1,099,805</b>	<b>\$1,476,400</b>	<b>\$1,378,120</b>
Beginning Fund Balance	\$1,719,240	\$2,004,733	\$2,131,438	\$1,368,699	\$1,827,164	\$1,917,264
Ending Fund Balance	2,004,733	2,131,438	3,119,495	1,827,164	1,917,264	2,132,519
No. of FTE Employees	107	107	108	11	11	11

Fund	Drug			Cemetery		
	FY 2011 Audited	FY 2012 Budget	FY 2013 Proposed	FY 2011 Audited	FY 2012 Budget	FY 2013 Proposed
<b>Revenues</b>						
Local Taxes						
State of TN						
Federal Government						
Other Sources	\$60,981	\$60,000	\$52,075	\$1,069	\$2,000	\$600
<b>Total Revenues</b>	<b>\$60,981</b>	<b>\$60,000</b>	<b>\$52,075</b>	<b>\$1,069</b>	<b>\$2,000</b>	<b>\$600</b>
<b>Expenditures</b>						
Salaries						
Other	\$58,582	\$83,500	\$89,250	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$58,582</b>	<b>\$83,500</b>	<b>\$89,250</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Beginning Fund Balance	\$149,254	\$151,653	\$128,153	\$179,841	\$180,910	\$182,910
Ending Fund Balance	\$151,653	\$128,153	\$90,978	\$180,910	\$182,910	\$183,510
No. of FTE Employees	0	0	0	0	0	0

Section 3. The current Section 3 shall remain unchanged:

General Fund	\$ 18,078,128
Solid Waste Fund	3,510,639
Drug Fund	180,228
Cemetery Fund	183,510
<b>Total All Funds</b>	<b>\$ 21,952,505</b>

SECTION 4. All encumbered balances of appropriations remaining at the end of the fiscal year shall lapse and revert to the respective fund balances.

SECTION 5. This ordinance shall take effect \_\_\_\_\_, 2013, the public welfare requiring it.

Passed and adopted \_\_\_\_\_ June 20, 2013 \_\_\_\_\_.

Passed and adopted \_\_\_\_\_ June 26, 2013 \_\_\_\_\_.

/s/Samuel Tharpe  
Mayor

/s/Kim Foster  
Finance Director

There being no further business the meeting was duly adjourned at 12:10 p.m.

/s/Samuel Tharpe  
Mayor

/s/Kim Foster  
Finance Director

**Honorable Mayor and Board of Commissioners  
City of Paris, Tennessee  
Regular Meeting  
July 2, 2013**

**OLD BUSINESS  
Agenda Item No. 1  
Garland Avenue Annexation (Second Reading)**

---

At the Planning Commission meeting held Thursday, May 9<sup>th</sup>, rezoning for Garland Avenue Annexation was brought before the board for discussion. In January 2012, the Planning Commission studied the annexation of the Garland Avenue area. At the time, the Planning Commission made their recommendations for the Plan of Services. However, the recommendation for zoning of that area was omitted.

The property to the east of this area is zoned R-2 High Density. Staff recommended that the R-2 High Density be extended to the annexed area.

After a brief discussion, Mr. Griffith made a motion which was seconded by Mr. Gerrell to approve the zoning for the Garland Avenue annexation. The motion carried unanimously.

At the City Commission meeting held Thursday, June 6<sup>th</sup>, Vice Mayor Griffith made a motion which was seconded by Commissioner Lackey to approve the annexation. The motion carried unanimously.

This is presented for Second Reading and a Public Hearing was scheduled prior to meeting.

ORDINANCE NO. 1159

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, which has recently been annexed into the City and is not currently zoned, shall be zoned R-2-H. This property is located in the First Civil District of Henry County, Tennessee and is more particularly described as follows:

See attached Exhibit "A" as shown on Tax Map 105, in the Tax Assessor's Office of Henry County, Tennessee.

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 June 6, 2013.

Passed and adopted \_\_\_\_\_.

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Finance Director

Area Annexed

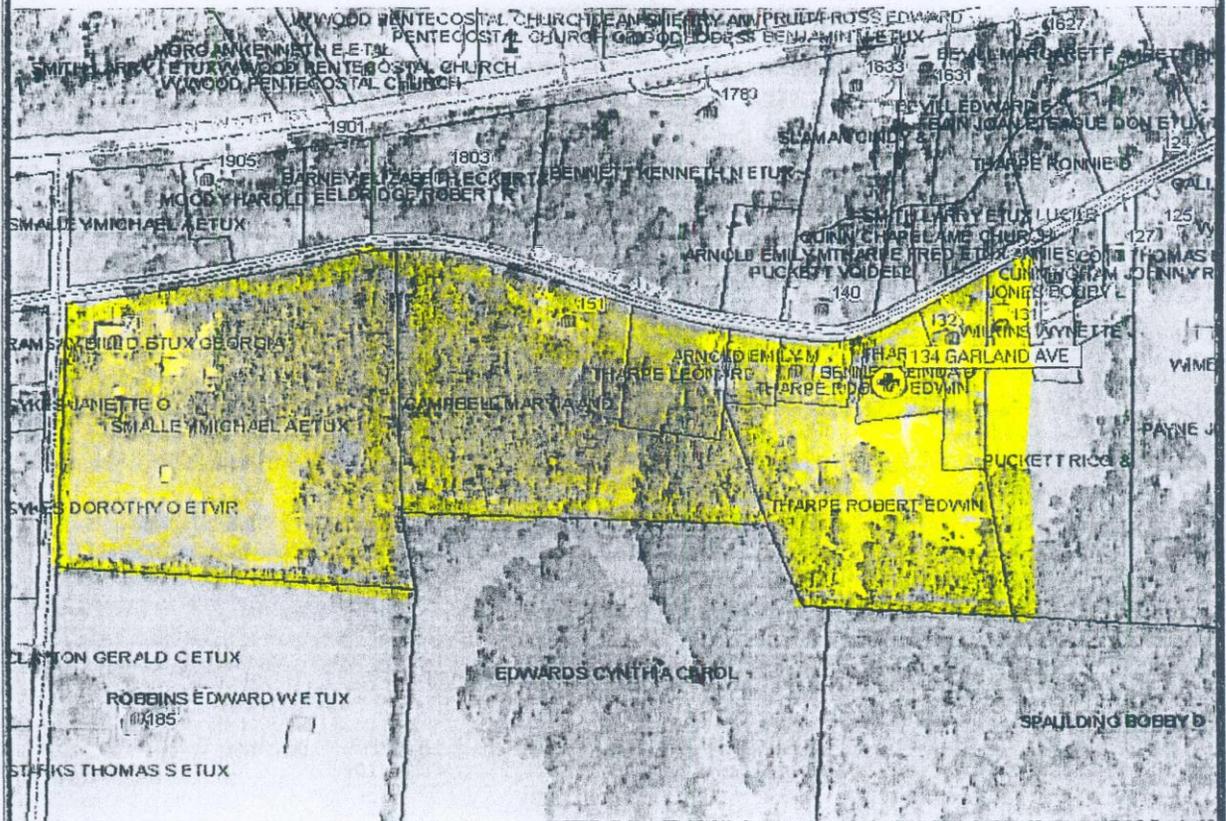


EXHIBIT A

Scale: 1 inch = 263 feet

EXHIBIT A

**Honorable Mayor and Board of Commissioners  
City of Paris, Tennessee  
Regular Meeting  
July 2, 2013**

**NEW BUSINESS  
Agenda Item No. 1  
Financial Update**

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The Finance Director will provide a financial update.

**Honorable Mayor and Board of Commissioners  
City of Paris, Tennessee  
Regular Meeting  
July 2, 2013**

**NEW BUSINESS  
Agenda Item No. 2  
Appointments to Boards**

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The following appointments are to be considered this month:

- Housing Authority – Mayor Appointment – Meets First Tuesday - 5 Year Term
  - Ed Brazelton – Term Expires July 7, 2013
  
- Regional Library Board – Mayor with Commission Approval – 3 Year Term
  - Bob Bowen – Term Expired July 1, 2013

Both of these gentlemen have declined re-appointment. These appointments will be considered at the August 1<sup>st</sup> Commission meeting.

**Honorable Mayor and Board of Commissioners  
City of Paris, Tennessee  
Regular Meeting  
July 2, 2013**

**NEW BUSINESS  
Agenda Item No. 3**

**Resolution to Authorize the Issuance of \$8,350,000 in Electric Revenue Bonds**

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This item was sent to you electronically due to its 40 pages plus length.

RESOLUTION NO. 1522

A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED EIGHT MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$8,350,000) IN AGGREGATE PRINCIPAL AMOUNT OF ELECTRIC SYSTEM REVENUE IMPROVEMENT BONDS OF THE CITY OF PARIS, TENNESSEE; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BONDS; ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; AND PROVIDING FOR THE COLLECTION AND DISPOSITION OF REVENUES FROM THE ELECTRICAL POWER DISTRIBUTION SYSTEM OF SAID MUNICIPALITY

WHEREAS, the City of Paris, Tennessee (the "Municipality") is duly incorporated pursuant to Chapter 6, Title 18, Tennessee Code Annotated, as amended; and

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

WHEREAS, pursuant to resolution of the Board of Commissioners of the Municipality adopted on February 6, 2001 (the "Master Resolution"), as supplemented by the Series 2001 Resolution (the "Series 2001 Resolution"), the Municipality authorized and issued its Electric System Revenue Refunding and Improvement Bonds, Series 2001, dated March 1, 2001 (the "Series 2001 Bonds"), payable from and secured by a pledge of and lien on the net revenues of the System; and

WHEREAS, pursuant to the Master Resolution, as supplemented by the Series 2004 Resolution (the "Series 2004 Resolution"), the Municipality authorized and issued its Electric System Revenue Bonds, Series 2004, dated November 1, 2004 (the "Series 2004 Bonds"), payable from and secured by a pledge of and lien on the net revenues of the System; and

WHEREAS, pursuant to the Master Resolution, as supplemented by the Series 2008 Resolution (the "Series 2008 Resolution"), the Municipality authorized and issued its Electric System Revenue Refunding and Improvement Bonds, Series 2008, dated June 11, 2008 (the "Series 2008 Bonds"), payable from and secured by a pledge of and lien on the net revenues of the System; and

WHEREAS, pursuant to the Master Resolution additional bonds may be issued on a parity of lien with the Series 2001 Bonds, the Series 2004 Bonds, and the Series 2008 Bonds with respect to the Net Revenues (as defined in the Master Resolution) of the System for the purpose of constructing extensions and improvements to the System upon fulfillment of the restrictive criteria of Section 207(F) and 208 of the Master Resolution and upon adoption of a Series Resolution by the Board of Commissioners of the Municipality; and

WHEREAS, Sections 7-34-101 et seq. of Tennessee Code Annotated, as amended, authorize municipalities in Tennessee to issue their revenue bonds to finance the acquisition, purchase, construction, reconstruction, improvement, betterment and extension of electric distribution systems; and

WHEREAS, the Utilities Board has adopted a resolution requesting the Board of Commissioners of the Municipality to adopt this resolution and issue the bonds authorized herein to provide funds to finance the costs of constructing extensions and improvements to the System and agreeing to observe and comply with all the covenants and agreements set forth herein and in the Master Resolution; and

WHEREAS, it is the intention of the Board of Commissioners of the Municipality to adopt this resolution authorizing bonds of the Municipality for the purposes set forth above, establishing the terms of said bonds, providing for the issuance, sale and payment of the bonds and the disposition of proceeds

therefrom, and providing for the collection of revenues from the System and the application thereof to the payment of principal of, premium, if any, and interest on said bonds.

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

Authority. The bonds authorized by this resolution are issued pursuant to Sections 7-34-101 et seq., Tennessee Code Annotated, as amended, and other applicable provisions of law.

Definitions. All capitalized terms used herein but not defined in this Section 2 shall have the meanings ascribed to those terms in the Master Resolution. The following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise:

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

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

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

"Debt Service Reserve Requirement" means with respect to the Series 2013 Bonds, the Series 2001 Bonds, the Series 2004 Bonds, the Series 2008 Bonds, and any bonds hereafter issued on a parity therewith in accordance with the terms of the Master Resolution, at the time of such measurement, the least of: (i) the Maximum Annual Principal and Interest Requirements of the Series 2013 Bonds, the Series 2001 Bonds, the Series 2004 Bonds, the Series 2008 Bonds, and any Parity Bonds; (ii) 125% of the average annual principal and interest requirements on a Fiscal Year basis of the Series 2013 Bonds, the 2001 Bonds, the Series 2004 Bonds, the Series 2008 Bonds, and any Parity Bonds; or (iii) 10% of the stated principal amounts of the Series 2013 Bonds, the Series 2001 Bonds, the Series 2004 Bonds, the Series 2008 Bonds, and any Parity Bonds;

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

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

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

"Financial Advisor" means Raymond James & Company, Inc.;

"Governing Body" means the Board of Commissioners of the Municipality;

"Master Resolution" shall mean the resolution of the Governing Body, adopted on February 6, 2001, establishing the terms and conditions pursuant to which the Parity Bonds may be issued thereunder;

"Parity Bonds" shall mean all other bonds hereafter issued on a parity of lien with respect to the revenues of the System with the outstanding, to the extent outstanding, Series 2001 Bonds, the Series

2004 Bonds, the Series 2008 Bonds, and the Series 2013 Bonds in accordance with the provisions of Sections 207 of the Master Resolution;

"Project" shall mean extensions and improvements to the System, the acquisition of a real and personal property appurtenant thereto, and the payment of legal, fiscal, engineering, architectural and administrative fees in connection therewith;

"Registration Agent" shall mean Regions Bank, Nashville, Tennessee or any successor as designated by the Governing Body;

"Series 2001 Bonds" shall mean the Municipality's outstanding Electric System Revenue Refunding and Improvement Bonds, Series 2001, dated March 1, 2001, authorized to be issued by the Series 2001 Resolution;

"Series 2001 Resolution" means the resolution adopted by the Governing Body on February 6, 2001 authorizing the Series 2001 Bonds;

"Series 2004 Bonds" shall mean the Municipality's outstanding Electric System Revenue Bonds, Series 2004, dated November 1, 2004, authorized to be issued by the Series 2004 Resolution;

"Series 2004 Resolution" means the resolution adopted by the Governing Body on September 2, 2004, as amended on October 7, 2004, authorizing the Series 2004 Bonds;

"Series 2008 Bonds" shall mean the Municipality's outstanding Electric System Revenue Refunding and Improvement Bonds, Series 2008, dated June 11, 2008, authorized to be issued by the Series 2008 Resolution;

"Series 2008 Resolution" means the resolution adopted by the Governing Body on April 15, 2008 authorizing the Series 2008 Bonds;

"Series 2013 Bonds" shall mean not to exceed \$8,350,000 in aggregate principal amount of Electric System Revenue Improvement Bonds, Series 2013 of the Municipality authorized to be issued by this resolution, to be dated their date of issuance, or having such other series designation or such other date as shall be determined pursuant to Section 10 hereof;

"2013 Project Account" shall mean the 2013 Project Account established pursuant to Section 11 hereof within the Program Fund established pursuant to Section 502 of the Master Resolution;

"Utilities Board" means the Paris Board of Public Utilities; and

"Utilities Board Authorized Officers" means the General Manager and the Treasurer.

Findings of the Governing Body; Compliance With Debt Management Policy.

The Municipality has adopted a Debt Management Policy and the Governing Body hereby finds that the issuance and sale of the Series 2013 Bonds, as proposed herein, is consistent with the Debt Management Policy.

The estimated proposed amortization of the Series 2013, estimated interest and estimated costs of issuance are attached as Exhibit A hereto. The foregoing estimates are subject to change pursuant to Section 10 hereof.

Authorization and Terms of the Series 2013 Bonds.

For the purpose of providing funds to (i) pay the costs of construction of the Project and legal, fiscal, administrative and engineering costs incident thereto; (ii) fund the Debt Service Reserve Fund as more fully provided herein; (iii) reimburse the Utilities Board for prior expenditures for the Project, if any, and (iv) pay costs incident to the issuance and sale of the Series 2013 Bonds, all as more fully set out in Section 11 hereof, there are hereby authorized to be issued electric system revenue bonds of the Municipality in the aggregate principal amount not to exceed \$8,350,000. The Series 2013 Bonds shall be issued in fully registered form, without coupons, in denominations of \$5,000 and integral multiples thereof, shall be known as "Electric System Revenue Improvement Bonds, Series 2013," and shall be dated their date of issuance, or such other series designation and date as shall be determined pursuant to Section 10 hereof. Subject to adjustments permitted in Section 10 hereof, the Series 2013 Bonds shall bear interest at a rate or rates not exceeding the maximum rate permitted by law, payable semi-annually on June 1 and December 1 in each year commencing December 1, 2013. Subject to adjustments permitted in Section 10 hereof, the Series 2013 Bonds shall mature, subject to prior redemption as hereinafter provided, either serially or through mandatory sinking fund redemptions as described herein, commencing on June 1, 2015 and continuing on the first day of June of each year thereafter through and including June 1, 2033, the final maturity date, in such amounts as shall be determined by the Mayor and a Utilities Board Authorized Officer in consultation with the Financial Advisor. Attached hereto as Exhibit A is a preliminary debt service estimate of the amortization of the Series 2013 Bonds; provided, however, such amortization may be adjusted in accordance with Section 10 hereof.

Subject to the adjustments permitted in Section 10 hereof, the Series 2013 Bonds maturing on or before June 1, 2023 shall mature without option of prior redemption. Series 2013 Bonds maturing on June 1, 2024 and thereafter, shall be subject to redemption prior to maturity at the option of the Municipality on or after June 1, 2023 at any time at the price of par plus accrued interest to the redemption date.

The Municipality will exercise its option to redeem Series 2013 Bonds as herein provided only upon direction of the Utilities Board and will exercise such option when so directed. If less than all the Series 2013 Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Governing Body of the Municipality, as directed by the Utilities Board in its discretion. If less than all of the Series 2013 Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

if the Series 2013 Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Series 2013 Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

if the Series 2013 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series 2013 Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

Pursuant to Section 10 hereof, the Mayor in consultation with a Utilities Board Authorized Officer is authorized to sell the Series 2013 Bonds, or any maturities thereof, as term bonds ("Term Bonds") with mandatory redemption requirements as shall be determined by the Mayor and a Utilities Board Authorized Officer in consultation with the Financial Advisor. In the event any or all the Series 2013 Bonds are sold as Term Bonds, the Municipality shall redeem Term Bonds on redemption dates and in amounts so as to achieve an amortization of the indebtedness approved by a Utilities Board Authorized Officer. The Term Bonds to be so redeemed within a maturity shall be selected in the same manner as set forth in subparagraph (b)(i) and (ii) above.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such mandatory redemption date, the Municipality, at the direction of the Utilities Board, may (i) deliver to the

Registration Agent for cancellation Series 2013 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 Series 2013 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 Series 2013 Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Municipality shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the Municipality not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series 2013 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 Series 2013 Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Series 2013 Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series 2013 Bonds, as and when above provided, and neither the Municipality nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the Municipality pursuant to written instructions from an authorized representative of the Municipality (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein and in the Bond Purchase Agreement) 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 Series 2013 Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein.

The Municipality hereby appoints the Registration Agent and authorizes and directs the Registration Agent to maintain Bond registration records with respect to the Series 2013 Bonds, to authenticate and deliver the Series 2013 Bonds as provided herein, either at original issuance or upon transfer, to effect transfers of the Series 2013 Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Series 2013 Bonds as provided herein, to cancel and destroy Series 2013 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 Series 2013 Bonds canceled and destroyed, and to furnish the Municipality at least annually an audit confirmation of Series 2013 Bonds paid, Series 2013 Bonds outstanding and payments made with respect to interest on the Series 2013 Bonds. The Mayor is hereby authorized to execute and the City Recorder is hereby authorized to attest such written agreement between the Municipality and the Registration Agent as they shall deem necessary and proper with respect to the obligations, duties and rights of the Registration Agent. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

The Series 2013 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 Series 2013 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 Series 2013 Bonds, and all such payments shall discharge the obligations of the Municipality in respect of such Series 2013 Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Series 2013 Bonds shall be made upon presentation and surrender of such Series 2013 Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. In the event the Series 2013 Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Series 2013 Bonds, payment of interest on such Series 2013 Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

Any interest on any Bond 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 Series 2013 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 Series 2013 Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the Municipality to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Series 2013 Bonds when due.

The Series 2013 Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Bond or the Bond to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular or Special Record

Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the Municipality to call such Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Series 2013 Bonds shall be overdue. The Series 2013 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 Series 2013 Bonds of the same maturity in any authorized denomination or denominations.

The Series 2013 Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the Municipality with the manual or facsimile signature of the Mayor and with the official seal, or a facsimile thereof, of the Municipality impressed or imprinted thereon and attested by the manual or facsimile signature of the City Recorder.

Except as otherwise provided in this Resolution, the Series 2013 Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Series 2013 Bonds. References in this Section to a Bond or the Series 2013 Bonds shall be construed to mean the Bond or the Series 2013 Bonds that are held under the Book-Entry System. One Bond for each maturity shall be issued to DTC and immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Series 2013 Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Series 2013 Bonds. Beneficial ownership interests in the Series 2013 Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Series 2013 Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Series 2013 Bonds. Transfers of ownership interests in the Series 2013 Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. **SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE SERIES 2013 BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE SERIES 2013 BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2013 BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE REGISTRATION AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.**

Payments of principal, interest, and redemption premium, if any, with respect to the Series 2013 Bonds, so long as DTC is the only owner of the Series 2013 Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co. as provided in the Letter of Representation relating to the Series 2013 Bonds from the Municipality and the Registration Agent to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The Municipality and the Registration Agent shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as securities depository for the Series 2013 Bonds or (2) the Municipality determines that the continuation of the Book-Entry System of

evidence and transfer of ownership of the Series 2013 Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Series 2013 Bonds, the Municipality shall discontinue the Book-Entry System with DTC. If the Municipality fails to identify another qualified securities depository to replace DTC, the Municipality shall cause the Registration Agent to authenticate and deliver replacement Series 2013 Bonds in the form of fully registered Series 2013 Bonds to each Beneficial Owner.

If the Series 2013 Bonds are sold to a single purchaser that certifies that it does not intend to re-offer the Series 2013 Bonds to the public, then the Registration Agent may deliver fully registered Series 2013 Bonds to the purchaser without utilizing the Book-Entry System and the form of the Bond in Section 6 hereof shall be so conformed.

THE MUNICIPALITY AND THE REGISTRATION AGENT SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE SERIES 2013 BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2013 BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS, (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2013 BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Series 2013 Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Series 2013 Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Series 2013 Bonds and provision of notices with respect to Series 2013 Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the owners of the Series 2013 Bonds, provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.

The Registration Agent is hereby authorized to authenticate and deliver the Series 2013 Bonds to the original purchaser upon receipt by the Municipality of the proceeds of the sale thereof and to authenticate and deliver Series 2013 Bonds in exchange for Series 2013 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 Series 2013 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.

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 each case in accordance with Section 307 of the Master Resolution..

Source of Payment. The Series 2013 Bonds shall be payable solely from and be secured by a pledge of the Net Revenues as provided in the Master Resolution on a parity and equality of lien with the Series 2001 Bonds, the Series 2004 Bonds, the Series 2008 Bonds, and any Parity Bonds hereafter issued. The owners of the Series 2013 Bonds shall have no recourse to the power of taxation of the Municipality.

Form of Series 2013 Bonds. The Series 2013 Bonds shall be in substantially in the following form, with such appropriate variations, omissions, and insertions as are permitted or required by this resolution, all blanks appropriately completed when the Series 2013 Bonds are prepared and delivered, and such legends or text endorsed thereon as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or otherwise desired by the Municipality:

(Form of Bond)

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

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

UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
COUNTY OF HENRY  
CITY OF PARIS, TENNESSEE  
ELECTRIC SYSTEM REVENUE IMPROVEMENT BOND,  
SERIES 2013

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

Registered Owner:  
Principal Amount:

KNOW ALL MEN BY THESE PRESENTS: That the City of Paris, a municipal corporation lawfully organized and existing in Henry County, Tennessee (the "Municipality"), for value received hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth, 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 [December 1, 2013], and semi-annually thereafter on the first day of June and December in each year until this Bond matures or is redeemed. Both principal hereof and interest hereon are payable in lawful money of the United States of America at the principal office of Regions Bank, Nashville, Tennessee, as registration and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond on each interest payment date 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 Series 2013 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.

**The owner of this Bond shall have no recourse to the power of taxation of the Municipality.**

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2013 Bonds of the series of which

this Bond is one. One Bond for each maturity of the Series 2013 Bonds shall be issued to DTC and immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Series 2013 Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution, pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Series 2013 Bonds, the Municipality and the Registration Agent shall treat Cede & Co., as the only owner of the Series 2013 Bonds for all purposes under the Resolution, including receipt of all principal and maturity amounts of, premium, if any, and interest on the Series 2013 Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal, maturity amounts, interest, and redemption premium, if any, with respect to the Series 2013 Bonds, so long as DTC is the only owner of the Series 2013 Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the Municipality nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Series 2013 Bonds or (2) the Municipality determines that the continuation of the book-entry system of evidence and transfer of ownership of the Series 2013 Bonds would adversely affect its interests or the interests of the Beneficial Owners of the Series 2013 Bonds, the Municipality may discontinue the book-entry system with DTC. If the Municipality fails to identify another qualified securities depository to replace DTC, the Municipality shall cause the Registration Agent to authenticate and deliver replacement Series 2013 Bonds in the form of fully registered Series 2013 Bonds to each Beneficial Owner. Neither the Municipality nor the Registration Agent shall have any responsibility or obligations to any DTC Participant or any Beneficial Owner with respect to (i) the Series 2013 Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Series 2013 Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners, (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Series 2013 Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

[Series 2013 Bonds of the issue of which this Bond is one maturing on or before June 1, 2023 shall mature without option of prior redemption. Series 2013 Bonds maturing on June 1, 2024 and thereafter shall be subject to redemption prior to maturity at the option of the Municipality, as directed by the Paris Utilities Board (the "Board"), on or after June 1, 2023, as a whole or in part at any time at the price of par plus interest accrued to the redemption date.

If less than all the Series 2013 Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Board of Commissioners of the Municipality, as directed by the Board, in its discretion. If less than all of the Series 2013 Bonds within a single maturity shall be called for redemption, the Series 2013 Bonds within the maturity to be redeemed shall be selected as follows:

if the Series 2013 Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Series 2013 Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

if the Series 2013 Bonds are not being held under a book-entry system by DTC, or a successor Depository, the Series 2013 Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

Series 2013 Bonds of the issue of which this Bond is one, maturing on June 1, \_\_\_\_\_ and June 1, \_\_\_\_\_ are subject to mandatory redemption pursuant to the provisions of the Resolution, as hereinafter defined, in accordance with the sinking fund therein provided on the redemption dates set forth below in aggregate principal amounts equal to the respective dollar amounts set forth opposite each such redemption date at a price of par plus accrued interest to the date of redemption, subject to a credit for prior redemptions or bond purchases as provided in the Resolution. DTC, as securities depository for the series of Series 2013 Bonds of which this Bond is one, or any successor Depository for the Series 2013 Bonds, shall determine the interest of each Participant in the Series 2013 Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as securities depository for the Series 2013 Bonds, the Series 2013 Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and principal amount of Series 2013 Bonds to be redeemed on such dates are as follows:

<u>Maturity</u>	<u>Date</u>	Principal Amount Redemption of Series 2013 Bonds <u>to be Redeemed</u>
June 1, _____		
June 1, _____		

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 Series 2013 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 Series 2013 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 Series 2013 Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. ]

Notice of call for redemption, [whether optional or mandatory], shall be given by the Registration Agent not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series 2013 Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any such defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Series 2013 Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Series 2013 Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series 2013 Bonds, as and when above provided, and neither the Municipality nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption date, all Series 2013 Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth in the Resolution, as hereafter defined.

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 Series 2013 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. Series 2013 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 Series 2013 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) construct improvements and extensions to the electrical power distribution system (the "System") of the Municipality; (ii) fund the Debt Service Reserve Fund; (iii) reimburse the Municipality for prior expenditures for the Project, if any, and (iv) pay costs of issuance in connection with the issuance of the Series 2013 Bonds, under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 7-34-101 et seq., Tennessee Code Annotated, as amended and pursuant to a resolution adopted by the Board of Commissioners of the Municipality on July 2, 2013, supplementing resolutions adopted by the Board of Commissioners of the Municipality on February 6, 2001, as further supplemented on September 2, 2004, as supplemented and amended on October 7, 2004, and as supplemented on April 15, 2008 (collectively, the "Resolution").

This Bond is one of a series of Series 2013 Bonds payable solely from and secured by a pledge of the income and revenues to be derived from the operation of the System on a parity and complete equality of lien with the Municipality's outstanding Electric System Revenue Refunding and Improvement Bonds, Series 2001, dated March 1, 2001 (the "Series 2001 Bonds"), its Electric System Revenue Bonds, Series 2004, dated November 1, 2004 (the "Series 2004 Bonds"), its Electric System Revenue Refunding and Improvement Bonds, Series 2008, and any bonds hereafter issued on a parity therewith under the Resolution, subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring said System. As provided in the Resolution, the punctual payment of principal of, premium, if any, and interest on the series of Series 2013 Bonds of which this Bond is one, the Series 2001 Bonds, the Series 2004 Bonds, the Series 2008 Bonds, and any other bonds issued on a parity therewith pursuant to the terms of the Resolution shall be secured equally and ratably by said revenues without priority by reason of series, number or time of sale or delivery. The Municipality has covenanted in the Resolution and does hereby covenant that the Board will fix and impose such rates and charges for the services rendered by the System and will collect and account for sufficient revenues to pay promptly the principal of and interest on this Bond, the issue of which it is a part, the Series 2001 Bonds, the Series 2004 Bonds, the Series 2008 Bonds, and any bonds hereafter issued on a parity herewith, as each payment becomes due. For a more complete statement of the revenues from which and conditions on which obligations may hereafter be issued on a parity with this Bond, the general covenants and provisions pursuant to which this Bond is issued and the terms upon which the Resolution may be modified, reference is hereby made to the Resolution.

This Bond and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Bond during the period the Bond is held or beneficially owned by any organization or entity, other

than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Series 2013 Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, 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] [facsimile] signature and attested by its City Recorder with her [manual] [facsimile] signature under an impression of or a facsimile of the corporate seal of the Municipality, all as of the date hereinabove set forth.

CITY OF PARIS, TENNESSEE

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

(SEAL)

ATTESTED:

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

Transferable and payable at the  
principal office of:

Regions Bank  
Nashville, Tennessee

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

This Bond is one of the issue of Series 2013 Bonds issued pursuant to the Resolution hereinabove described.

REGIONS BANK,  
Registration Agent

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

#### FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto \_\_\_\_\_, whose address is \_\_\_\_\_, (Please insert Social Security or Federal Tax Identification Number \_\_\_\_\_) the within Bond of the City of Paris, 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: \_\_\_\_\_

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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:

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

Equality of Lien; Pledge of Net Revenues. The punctual payment of principal of, premium, if any, and interest on the Series 2013 Bonds, the Series 2001 Bonds, the Series 2004 Bonds, the Series 2008 Bonds, and any Parity Bonds hereafter issued 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 the reasonable and necessary costs of operating, maintaining, repairing and insuring the System, the Net Revenues are hereby irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due.

Applicability of the Master Resolution. The Series 2013 Bonds shall be issued in compliance with the provisions of the Master Resolution so as to be on a parity of lien with the Series 2001 Bonds, the Series 2004 Bonds, and the Series 2008 Bonds, with respect to the Net Revenues of the System and when duly delivered, shall constitute a Series of Bonds delivered under authority of the Master Resolution. This resolution is supplementary to the Master Resolution to provide for the issuance of the Series 2013 Bonds on a parity with the Series 2001 Bonds, the Series 2004 Bonds, and the Series 2008 Bonds and all of the provisions and covenants of the Master Resolution shall be equally applicable to the Series 2001 Bonds, the Series 2004 Bonds, and the Series 2008 Bonds, and the Series 2013 Bonds in all respects and are hereby ratified and confirmed and incorporated herein by reference and, for so long as any of the Series 2013 Bonds shall be outstanding and unpaid either as to principal or as to interest, or until the discharge and satisfaction of the Series 2013 Bonds as provided in Section 1103 of the Master Resolution, the provisions shall be applicable to the Series 2013 Bonds and shall inure to the benefit of owners of the Series 2013 Bonds as if set out in full herein.

All references to "Bondholders" or "Owners" in the aforesaid Sections shall be deemed to include owners of the Series 2013 Bonds, and all references to the Series 2013 Bonds contained in those Sections shall be deemed to include the Series 2013 Bonds and shall be administered for the benefit of the owners of the Series 2013 Bonds.

Application of Revenues. From and after the delivery of the Series 2013 Bonds hereunder, and as long as any of the Series 2013 Bonds shall be outstanding and unpaid either as to principal or as to interest, or until the discharge and satisfaction of all the Series 2013 Bonds as provided in Section 1103 of the Master Resolution, the entire income and revenues of the System shall be deposited in the General Revenue Fund created by the Master Resolution and shall be used in all respects as provided in the Master Resolution.

Notwithstanding the foregoing, for the period commencing with the month next following the delivery of the Series 2013 Bonds to and including the month preceding the first Interest Payment Date for the Series 2013 Bonds, each monthly deposit to the Interest Account of the Debt Service Fund required by Section 504 of the Master Resolution shall be an amount that, together with all other monthly deposits of the same amount during such period and amounts deposited therein at closing, will be equal to the full amount of interest coming due on the first Interest Payment Date for the Series 2013 Bonds. In each month thereafter, the Municipality shall make the minimum monthly deposit required by Section 504 of the Master Resolution. Commencing thirteen months prior to the first Principal Installment Date of the Series 2013 Bonds and in each month thereafter, the Municipality shall make the minimum monthly deposit to the Principal Account of the Debt Service Fund required by Section 504 of the Master Resolution.

Sale of Series 2013 Bonds. The Series 2013 Bonds shall be offered for public sale at a price of not less than 99% of par, exclusive of original issue discount plus accrued interest. The Series 2013 Bonds shall be sold at public sale by physical delivery of bids or by electronic bidding by means of an Internet bidding service as shall be determined by the Mayor in consultation with a Utilities Board Authorized Officer and the Financial Advisor. The Mayor is authorized to award the Series 2013 Bonds to the bidder whose bid results in the lowest true interest cost to the Municipality, provided the rate or rates on none of the Series 2013 Bonds exceeds the maximum rate permitted by law. The award of the Series 2013 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. The Municipality hereby authorizes the Mayor, in consultation with a Utilities Board Authorized Officer, upon advice from the Financial Advisor, to make a determination as to when the Series 2013 Bonds should be sold. The Mayor, in consultation with a Utilities Board Authorized Officer and the Financial Advisor, is authorized to establish a maturity schedule for the Series 2013 Bonds consistent with Section 4 hereof with due regard to accommodating cash flows of the System, and to make such changes in the structuring of the terms of sale of the Series 2013 Bonds as the Mayor shall deem necessary to accomplish the purposes described herein. In this regard, the Mayor, in consultation with the Financial Advisor and a Utilities Board Authorized Officer, is authorized to cause to be sold an aggregate principal amount of Series 2013 Bonds less than that authorized herein, to sell any or all of the Series 2013 Bonds as Term Bonds with annual mandatory redemption requirements, to change the dated date of the Series 2013 Bonds to a date other than their date of delivery, and to adjust principal and interest payment dates (including providing for the initial payment of principal as early as June 1, 2014 and the final payment of principal as late as June 1, 2034) and redemption dates and prices of the Series 2013 Bonds. The Mayor is authorized to modify the redemption provisions of the Series 2013 Bonds, including removing any right of redemption, provided that the redemption premium, if any, to be paid on any of the Series 2013 Bonds does not exceed 102% of the par amount of the Series 2013 Bonds. The Mayor, in consultation with the Financial Advisor and a Utilities Board Authorized Officer, is authorized to change the name of the Series 2013 Bonds to a name other than "Electric System Revenue Improvement Bonds, Series 2013". The Form of the Bond, as set forth in Section 6 hereof, shall be modified to reflect any changes as set forth in this Section 10. The Mayor and the City Recorder, or either of them, are authorized to cause the Series 2013 Bonds to be authenticated by the Registration Agent and delivered to the original purchaser and to execute, publish, and deliver all certificates and documents, including an official statement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Series 2013 Bonds. The Chairman of the Utilities Board or a Utilities Board Officer is hereby authorized to enter into a contract with the Financial Advisor, for financial advisory services in connection with the sale of the Series 2013 Bonds in substantially the form attached hereto as Exhibit B, and the Mayor or the Chairman of the Utilities Board or a Utilities Board Officer is authorized to enter into a contract with Bass, Berry & Sims PLC to serve as bond counsel in connection with the Series 2013 Bonds in substantially the form attached hereto as Exhibit C.

Disposition of Bond Proceeds. The proceeds of the sale of the Series 2013 Bonds shall be paid over to the Board and used and applied as follows:

All pre-issuance accrued interest, if any, shall be deposited to the Interest Account of the Debt Service Fund to be used to pay interest on the Series 2013 Bonds on the first interest payment date following delivery of the Series 2013 Bonds.

Proceeds of the Series 2013 Bonds, or legally available funds of the Utilities Board, shall be deposited to the Debt Service Reserve Fund in an amount necessary, together with other funds on deposit, to satisfy the Debt Service Reserve Requirement.

An amount necessary to pay the costs of issuance of the Series 2013 Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, bond insurance premium, if any, administrative and clerical costs, rating agency fees, Registration Agent fees, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Series 2013 Bonds, to the extent not paid from legally available funds of the Utilities Board, as determined by the General Manager and Treasurer of the System shall be deposited to the Cost of Issuance Account of the Program Fund.

The remainder of the proceeds of the sale of the Series 2013 Bonds shall be deposited with a financial institution regulated by and the deposits of which are insured by the Federal Deposit Insurance Corporation or similar federal agency, in a special fund known and designated as the 2013 Project Account within the Program Fund (the "2013 Project Account") to be kept separate and apart from all other funds of the Board. The funds in the 2013 Project Account shall be disbursed solely to pay the costs of constructing the Project, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses. Money in the 2013 Project Account shall be expended only for the purposes authorized by this resolution. Any funds remaining in the 2013 Project Account after completion of the Project and payment of authorized expenses shall be deposited to the Debt Service Fund. Moneys in the Construction Fund shall be invested as directed by the Treasurer of the System in investments permitted by State law and the Master Resolution. Earnings on investments in the Construction Fund shall be transferred to the Revenue Fund or retained in the 2013 Project Account as directed by a Utilities Board Authorized Officer.

Official Statement. The Mayor, the City Manager, or a Utilities Board Authorized Officer, or any of them, working with the Financial Advisor, are hereby authorized and directed to provide for the preparation and distribution, which may include electronic distribution, of a Preliminary Official Statement describing the Series 2013 Bonds. After the Series 2013 Bonds have been sold, the Mayor, the City Manager, or a Utilities Board Authorized Officer, or any of them, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The Mayor, the City Manager, or a Utilities Board Authorized Officer, or any of them, shall arrange for the delivery to the purchaser of a reasonable number of copies of the Official Statement within seven business days after the Series 2013 Bonds have been awarded for delivery, by the successful bidder for the Series 2013 Bonds, to each potential investor requesting a copy of the Official Statement and to each potential investor requesting a copy of the Official Statement and to each person to whom such bidder and members of his bidding group initially sells the Series 2013 Bonds.

The Mayor, the City Manager, or a Utilities Board Authorized Officer, or any of them, are authorized, on behalf of the Municipality, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the Municipality except for the omission in the Preliminary Official Statement of such pricing and other information.

No final Official Statement shall be required if the Series 2013 Bonds are sold to a purchaser that certifies that it does not intend to re-offer the Series 2013 Bonds to the public.

Tax Matters. The Municipality recognizes that the purchasers and owners of the Bonds will have accepted them on and paid there of 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 Series 2013 Bonds. In this connection, the Municipality agrees that it shall take no action which may cause the interest on any of said Series 2013 Bonds to be included in gross income for federal income taxation. It is the reasonable expectation of the Governing Body of the Municipality and the Board that the proceeds of the Series 2013 Bonds will not be used in a manner which will cause the Series 2013 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Series 2013 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 Series 2013 Bonds to the United States government, the Board 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 Series 2013 Bonds from being included in gross income for federal income tax purposes. An authorized representative of the Board is authorized and directed to make such certifications in this regard in connection with the sale of the Series 2013 Bonds as he shall deem appropriate, and such certifications shall constitute a representation and certification of the Municipality. Following the issuance of the Series 2013 Bonds, 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 Series 2013 Bonds.

Continuing Disclosure. The Municipality hereby covenants and agrees that the Utilities Board will provide financial information and material event notices if and as required by Rule 15c2-12 of the Securities Exchange Commission for the Series 2013 Bonds. The General Manager and the Treasurer, or either of them, is authorized to execute at the closing of the sale of the Series 2013 Bonds, an agreement for the benefit of and enforceable by the owners of the Series 2013 Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of the Utilities Board to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Series 2013 Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the Utilities Board to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Reimbursement. It is reasonably expected that the Municipality will reimburse itself for certain expenditures made by it in connection with the Projects by issuing the Series 2013 Bonds. This resolution shall be placed in the minutes of the Governing Body and shall be made available for inspection by the general public at the office of the Governing Body. This resolution constitutes a declaration of official intent under Treas. Reg. §1.150-2. Qualified Tax-Exempt Obligations.

The Governing Body hereby designates the Series 2013 Bonds as "qualified tax-exempt obligations," as defined in Section 265(b) of the Code, to the extent they may be so designated and are not otherwise deemed to be so designated.

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.

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

Adopted and approved this 2nd day of July, 2013.

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Mayor

ATTEST:

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City Recorder

STATE OF TENNESSEE     )  
  )  
COUNTY OF HENRY        )

I, Kim Foster, hereby 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 the governing body of the Municipality held on July 2, 2013; 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 \$8,350,000 Electric System Revenue Improvement Bonds, Series 2013 of said Municipality.

WITNESS my official signature and seal of said Municipality this 2<sup>nd</sup> day of July, 2013.

\_\_\_\_\_  
City of Paris, Tennessee  
Kim Foster, City Recorder

(SEAL)

EXHIBIT A

EESTIMATED AMORTIZATION SCHEDULE

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I
06/01/2014	-	-	206,011.56	206,011.56
06/01/2015	350,000.00	1.000%	264,872.00	614,872.00
06/01/2016	355,000.00	1.330%	261,372.00	616,372.00
06/01/2017	355,000.00	1.630%	256,650.50	611,650.50
06/01/2018	365,000.00	1.970%	250,864.00	615,864.00
06/01/2019	370,000.00	2.240%	243,673.50	613,673.50
06/01/2020	380,000.00	2.500%	235,385.50	615,385.50
06/01/2021	390,000.00	2.750%	225,885.50	615,885.50
06/01/2022	400,000.00	2.950%	215,160.50	615,160.50
06/01/2023	410,000.00	3.100%	203,360.50	613,360.50
06/01/2024	425,000.00	3.250%	190,650.50	615,650.50
06/01/2025	435,000.00	3.330%	176,838.00	611,838.00
06/01/2026	450,000.00	3.470%	162,352.50	612,352.50
06/01/2027	465,000.00	3.600%	146,737.50	611,737.50
06/01/2028	485,000.00	3.780%	129,997.50	614,997.50
06/01/2029	500,000.00	3.890%	111,664.50	611,664.50
06/01/2030	520,000.00	3.980%	92,214.50	612,214.50
06/01/2031	540,000.00	4.040%	71,518.50	611,518.50
06/01/2032	565,000.00	4.150%	49,702.50	614,702.50
06/01/2033	590,000.00	4.450%	26,255.00	616,255.00
<b>Total</b>	<b>\$8,350,000.00</b>	<b>-</b>	<b>\$3,521,166.56</b>	<b>\$11,871,166.56</b>

ESTIMATED COSTS OF ISSUANCE  
 APPEAR AS AN EXHIBIT TO THE FINANCIAL ADVISORY AGREEMENT ATTACHED AS  
 EXHIBIT B

EXHIBIT B

FORM OF FINANCIAL ADVISORY AGREEMENT

FORM OF  
FINANCIAL ADVISORY AGREEMENT  
BETWEEN  
CITY OF PARIS, TENNESSEE  
AND  
RAYMOND JAMES & ASSOCIATES, INC.

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THIS FINANCIAL ADVISORY AGREEMENT (the “Agreement”) by and between the City of Paris, Tennessee (hereinafter referred to as the "City") 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).

W I T N E S S E T H

WHEREAS, from time-to-time, the City provides various public improvements for general purpose City government and its various enterprise activities; and

WHEREAS, the Board of Public Utilities of the City (the “BPU”) is solely responsible for the acquisition, development, equipping and operations of the City’s electric, water and sewer systems; and

WHEREAS, the City is currently considering the issuance of not to exceed \$8,350,000\* Electric System Revenue Improvement Bonds, Series 2013 (the “Bonds”) to be sold for the purpose of financing costs of the (i) constructing, repairing, renovating and equipping of improvements and extensions to the City’s electric distribution system; (ii) acquisition of property, real or personal, appurtenant to the foregoing; (iii) payment of legal, fiscal, administrative, architectural and engineering costs incident to any or all of the foregoing (collectively the “Projects”); (iv) reimbursement to the appropriate fund of the City for prior expenditures for the foregoing costs, if applicable; and (v) payment of costs incident to the Bonds; and

WHEREAS, from time-to-time the Board and General Manager of the BPU and other officials also may need assistance in developing a financial plan that addresses funding strategies for the implementation of its annual capital improvement program and the funding of certain projects approved by the City's Board of City Commissioners (the "City Commission"); and

WHEREAS, the City desires that the most complete and accurate economic and financial information possible be provided its officials and to potential bidders and ultimate buyers of 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 City 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 City is authorized to engage a financial advisor; and

WHEREAS, the City has designated and authorized the Board to execute all appropriate agreements on its behalf and in that regard, the Board hereby engages the Financial Advisor.

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

Section 1. The Financial Advisor, working with the Mayor, the Board of City Commissioners, the Board, the BPU General Manager, the City Manager, the City Recorder, the City Attorney and other City and Board officials and employees, independent

Bond Counsel to the City, and other such independent consultants or consulting engineers that may be engaged by the City from time-to-time shall assist in the development of a plan or plans for the financing of the project contemplated by the Bonds.

Section 2. In the development of the financing plan, the Financial Advisor will survey the financial resources of the City 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 City 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 City 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 City or its authorized representatives. The City 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 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 City officials and in the Financial Advisor's professional opinion, will be most favorable to the City.

Section 6. 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 City for their approving legal opinion on the Bonds offered for sale. It is acknowledged that the City 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 City and may do so again in the future. For this engagement however, it is understood by the Financial Advisor and the City that Bass, Berry & Sims PLC will represent the City solely as its bond counsel. Separately, Bass, Berry & Sims PLC will provide the City with a separate engagement letter outlining the scope of their services and their fees related to the Bonds.

Section 7. The Financial Advisor shall work with Bond Counsel and City 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 8. In connection with the sale and issuance of the Bonds, the Financial Advisor shall assist the City in its preparation of a "near final" Preliminary and Final Official Statement in accordance with industry standards. Additionally, the Financial Advisor will make a national distribution of the "near final" Preliminary Official Statement to potential bidders for the Bonds using among other tools at its disposal the electronic dissemination facilities of i-DealProspectus. In addition, the Financial Advisor will assist the City in providing a reasonable number of *Official Statements* (deemed final) to the successful bidder within seven (7) business days from the sale date as required by Rule 15c2-12 of the Securities and Exchange Commission.

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 prepare and assemble all necessary information concerning the Bonds and information relating to the City for submission to Moody's Investors Service, Inc. ("Moody's") seeking a credit rating and review relating to the Bonds and the City. The Financial Advisor will arrange for teleconferences or meetings (if necessary) with appropriate personnel analyzing the proposed financing to assure a timely assignment of a credit rating for the City.

Section 11. Through a process satisfactory to the Municipality, the Financial Advisor will engage a major commercial bank doing business in Tennessee to serve as the City's Registration and Paying Agent. The Financial Advisor also shall arrange for The Depository Trust Company ("DTC") to be the City's agent for facilitating "book entry" delivery of the Bonds in its nominee name (currently, Cede & Co., Inc.). It is understood that Registration and Paying Agent will be separately compensated for such services based on their usual and customary fee schedule for such activities. Separately, registration and paying agent selected by the City will provide the City with a separate engagement letter outlining the scope of their services and their fees related to the Bonds.

Section 12. The Financial Advisor will be available at reasonable times to answer questions, provide information and guidance to City officials, other transaction participants and prospective bidders for the Bonds.

Section 13. The Financial Advisor will furnish a representative to assist and advise officials of the City in receiving bids for the Bonds. The Financial Advisor will also analyze bids received to assure their compliance with the requirements of the Detailed Notice of Sale. The Financial Advisor also will tabulate, verify and confirm all bids received. In addition, the Financial Advisor will assist and advise City officials regarding the award or rejection of bids for the Bonds.

Section 14. 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 15. After the sale, the Financial Advisor will deliver to the City, Bond Counsel, the Registration and Paying Agent and/or appropriate officials, a “*Final Financing Report*” including a schedule of debt service requirements for the Bonds and other financial schedules pertinent to the transaction.

Section 16. 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 City and Bond Counsel of such yield prior to closing.

Section 17. 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 18. 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 15<sup>th</sup> 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 19. The City 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 20. 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 \$71,400 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 \$29,500. 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 City.

Section 20. 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 City. Local travel costs of the Financial Advisor shall be its responsibility, but all travel expenses to locations other than the City shall be reimbursed at actual costs or in conformance with the City's official travel policy, whichever is less. As shown in Appendix A which depicts the details related to the estimated aggregate fee, the City will be responsible for all normal debt issuance costs and fees including, but not limited to, Bond Counsel fees and expenses; preparation, electronic dissemination, printing and distribution of the Preliminary and Final Official Statements, rating agency fees, acceptance and annual fees of the registration and paying agent and all legally required publication costs. In addition to the aggregate estimated fees and expenses and estimated underwriter's compensation determined by competitive bidding and estimated in Appendix A,

the City shall be responsible directly for all compensation fees not enumerated, including, but not limited, to those due (if any) to the City Attorney, the Board Attorney or other independent consultants engaged by it or by Bond Counsel.

Section 21. The City 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 22. 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 City'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 23. 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 24. 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 25. This Agreement will terminate forty-five days after settlement resulting in the delivery of the Bonds to the successful bidder and cash to the City.

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RAYMOND JAMES & ASSOCIATES, INC.

\_\_\_\_\_

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

Date: \_\_\_\_\_

APPROVED:

\_\_\_\_\_

Date: \_\_\_\_\_

## APPENDIX A

### CITY OF PARIS, TENNESSEE

#### Not to Exceed \$8,350,000\* Electric System Revenue Bonds, Series 2013

Consistent with the terms of this Agreement, with the City's formally adopted Debt Management Policy and in the interest of full transparency, the following disclosure is made with respect to the sale and issuance of the Bonds.

The services, service providers and estimated costs related to the sale and issuance of the Bonds are as follows:

<u>Service</u>	<u>Provider</u>	<b>Estimated Total<sup>(1)</sup></b>
Financial Advisor:	Raymond James	\$29,500
Bond Counsel:	Bass Berry & Sims PLC	18,500
Rating Agency:	Moody's Investors Service, Inc.	15,000
POS/OS Preparation; Publication; Dissemination, etc.	Raymond James; I-deal prospectus; TBD contract printer	6,750
CUSIP; Other	CUSIP Service Bureau; Other	900
Registration and Paying Agent:	TBD	<u>750</u>
Total:		<u>\$71,400</u>

Underwriter's compensation for the Bonds will be determined at the time of the competitive public sale based on actual bids received. It is estimated that such compensation will be approximately \$7.50/\$1,000\* of the final par amount of the Bonds actually issued.

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 Tennessee Comptroller of the Treasury's Director of State and Local Finance in a timely fashion as required by prevailing State law.

<sup>(1)</sup> Estimated and subject to adjustment and revision based on final sizing and invoices, etc.

\* Subject to adjustment and revision based on actual bids received

EXHIBIT C

Proposed Form of Engagement Letter of Bond Counsel

\_\_\_\_\_, 2013

City of Paris, Tennessee  
Attn: The Honorable Samuel D. Tharpe, Mayor  
Paris, Tennessee

**Re: Issuance of Electric System Revenue Improvement Bonds (the "Bonds")**

Dear Mayor Tharpe:

The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as bond counsel to the City of Paris, 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 to finance extensions and improvements to the electric system of the Issuer and to pay costs incident to the issuance and sale of the Bonds. We further understand that the Bonds will be sold at a competitive public 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 issues.
5. Prepare election proceedings or pursue validation proceedings, if any.
6. Draft those sections of the official statement 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.

7. 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.
8. Draft the continuing disclosure undertaking of the Issuer.

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 (6) 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) except as set forth above.
- f. Making an investigation or expressing any view as to the creditworthiness of the Issuer or the Bonds.
- g. Except as described in paragraph 8 above, 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. After Closing, providing continuing advice to the Issuer or any other party concerning any actions necessary to assure that interest paid on the Bonds will continue to be excludable from gross income for federal income tax purposes (e.g., our engagement does not include rebate calculations for the Bonds).
- j. 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.

We presently represent Raymond James & Associates, Inc. on matters which are unrelated to our representation of the Issuer as its bond counsel.

### **FEES**

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Bonds in an aggregate principal amount of not to exceed \$8,350,000; (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, our fee is estimated to be

\$18,500. The fees quoted above 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 as described in the paragraph above 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 the amount we are paid exceed \$18,500.

### **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 Contract are deemed to be Issuer's property. Our own files, including lawyer work product, pertaining to the transaction will be retained by us for a period of three (3) years and be subject to inspection by Issuer upon reasonable notice.

### **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 County, Tennessee to the extent permitted by applicable law.

### **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.

**CITY OF PARIS, TENNESSEE**

**BASS, BERRY & SIMS PLC**

By: \_\_\_\_\_  
Samuel D. Tharpe, Mayor

By: \_\_\_\_\_  
Karen S. Neal, Member

**Honorable Mayor and Board of Commissioners  
City of Paris, Tennessee  
Regular Meeting  
July 2, 2013**

NEW BUSINESS  
Agenda Item No. 4  
MS-4 Permit Process

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Federal storm water regulations, as administered by Tennessee Department of Environment and Conservation, require cities over 10,000 to develop and adopt a storm water monitoring plan. This plan must be permitted by TDEC.

Recently TDEC has acted to introduce the procedure to cities over 10,000 not already permitted. The City of Paris falls in this category. Once we receive official notice we must begin the process.

During the process Staff will periodically report on progress, and request formal approval of a number of related items.

**Honorable Mayor and Board of Commissioners  
City of Paris, Tennessee  
Regular Meeting  
July 2, 2013**

NEW BUSINESS  
Agenda Item No. 5  
Presentation of Excellence in Municipal Government Award

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Mayor Tharpe will present the Excellence in Municipal Government Award from the Tennessee City Management Association.

**Honorable Mayor and Board of Commissioners  
City of Paris, Tennessee  
Regular Meeting  
July 2, 2013**

**NEW BUSINESS  
Agenda Item No. 6  
Offer from Tennessee Department of Transportation (TDOT)**

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Attached you will find an offer from Tennessee Department of Transportation for property located on Highway 641 North for the highway widening project. Specifically this is the triangular property located at the intersection of Hwy 641 and North Poplar Street where the "Welcome to Paris" sign and landscaping are located.

Attached is an Agreement of Sale in the amount of \$6,500.00. This amount includes payment for real property, the replacement of landscaping, a slope easement and a construction easement. If the Commission is agreeable to this amount offered by TDOT, action should be taken to authorize the Mayor to sign the Agreement of Sale to proceed with the right of way acquisition.

**Honorable Mayor and Board of Commissioners  
City of Paris, Tennessee  
Regular Meeting  
July 2, 2013**

NEW BUSINESS  
Agenda Item No. 7  
Resolution in Support of the Marketplace Fairness Act

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Attached is a Resolution submitted for the agenda by Mayor Tharpe for your consideration.

RESOLUTION NO. 1523

A RESOLUTION IN SUPPORT OF  
THE MARKETPLACE FAIRNESS ACT

WHEREAS, Mom and Pop, Main Street and Local retailers have been hurt in recent years by online and catalog purchases by customers who believe they get a discount by not paying sales tax; and

WHEREAS, the brick-and-mortar retailer collects the sales tax at the time of purchase in store, but the responsibility for paying the tax from an online purchase shifts to the Internet customer who resides in Tennessee to remit the sales tax directly to the Tennessee Department of Revenue; and

WHEREAS, most taxpayers are not aware of the responsibility to remit these taxes, and state and local governments do not have the resources to enforce payment putting Tennessee Local retailers at nearly a 10 percent competitive price disadvantage to remote sellers; and

WHEREAS, the University of Tennessee Center for Business and Economic Research estimates that state and local governments lost \$11.4 billion nationwide in sales tax on e-commerce in 2012; and

WHEREAS, the National League of Cities estimates that the State of Tennessee and its local governments lost a combined \$748 million in sales tax on e-commerce in 2012; and

WHEREAS, the Tennessee General Assembly has amended their sales and use tax statutes to conform to the requirements of the Streamline Sales and Use Tax Agreement, one of 23 states to do so; and

WHEREAS, Congress is considering legislation to provide states that are members of the Agreement and in compliance with the federal legislation the authority to require out-of-state sellers to collect and remit sales and use taxes on remote transactions attributable to these states – exactly like Local retailers are already required to do; and

WHEREAS, the Supreme Court's decision in *Quill Corp. v. North Dakota*, 504 U.S. 298 (1992), left state and local governments unable to adequately enforce their existing sales tax laws on sales by out-of-state catalog and online sellers; and

WHEREAS, the Court did state that Congress had the constitutional authority to pass legislation overruling its decision; and

NOW, THEREFORE, BE IT RESOLVED that the City of Paris Board of Commissioners adopt this Resolution commending our United States Senators Alexander and Corker for their outspoken support of the Marketplace Fairness Act (S336 and HR684) throughout the debate and passage in the United States Senate and strongly encourage the Tennessee Delegation to the United States House of Representatives to level the playing field for Local retailers by allowing

individual states the authority to streamline their sales tax laws and collect sales taxes directly from online retailers on this the 2<sup>nd</sup> day of July, 2013.

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Mayor

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Finance Director

**Honorable Mayor and Board of Commissioners  
City of Paris, Tennessee  
Regular Meeting  
July 2, 2013**

**NEW BUSINESS  
Agenda Item No. 8  
Resolution Opposing a  
Reduction or Elimination of the Tax Exemption on Municipal Bond Interest**

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Attached is a Resolution submitted for the agenda by Mayor Tharpe for your consideration.

RESOLUTION NO. 1524

A RESOLUTION OPPOSING A REDUCTION OR ELIMINATION OF THE TAX  
EXEMPTION ON MUNICIPAL BOND INTEREST

WHEREAS, tax-exempt municipal bonds are the primary means by which state and local governments finance three quarters of the critical infrastructure of our nation, including roads, bridges, hospitals, schools, and utility systems; and

WHEREAS, municipalities benefit from this tax exemption through substantial savings on the interest cost of borrowed money; and

WHEREAS, Congress is considering many options available to reduce the federal deficit; and

WHEREAS, one option Congress is evaluating would reduce, phase out, or eliminate the exemption on municipal bond interest; and

WHEREAS, the federal tax exemption on municipal bond interest has been in place since the first federal income tax was enacted in 1913 having been maintained through two world wars, the Great Depression and the recent Great Recession, and as a result, state and local governments save, on average, two percentage points on their borrowing to finance investment in public infrastructure; and

WHEREAS, this exemption has generated trillions of dollars of investment in public infrastructure and has saved taxpayers hundreds of billions in interest costs; and

WHEREAS, investors in municipal bonds are generally exempt from paying federal income tax on the bond interest payments so even a partial income tax on otherwise tax-exempt interest would cause investors to demand higher returns on their municipal bond investments to make up for the tax they would have to pay; and

WHEREAS, the outcome of reducing or eliminating the tax exemption on municipal bond interest would be higher borrowing costs for state and local governments, less investment in infrastructure and fewer jobs; and

NOW, THEREFORE, BE IT RESOLVED that the City of Paris Board of Commissioners adopt this Resolution urging our United States Senators Alexander and Corker and the Tennessee Delegation to the United States House of Representatives to strongly oppose any efforts by Congress or the Administration to reduce or eliminate the tax exemption on municipal bond interest on this the 2<sup>nd</sup> day of July, 2013.

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Mayor

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Finance Director

**Honorable Mayor and Board of Commissioners  
City of Paris, Tennessee  
Regular Meeting  
July 2, 2013**

**STATUS OF VARIOUS PROJECTS AND DEPARTMENTAL SUMMARIES  
Project Update Sheet**

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The Ongoing Project Update Sheet, as of June 25, 2013, is presented for your review.

**ONGOING PROJECTS (as of 06-25-13)**

	<u>Item</u>	<u>Primary Staff</u>	<u>Target Completion Date(s)</u>	<u>Notes</u>
1	Bethel / HCMC	Holder		\$ 1.4 M Payment 06-28-13. Will settle up soon with all parties.
2	Joy Street	Holder / Morris	07-31-13	Progressing well.
3	Collinwood Drainage	Public Works	Weather dependent	Phase I will be work on row and easements; J. Morris is in process of obtaining easements.
4	Hazelwood	Holder	06-27-13 Visit of Selection Committee	
5	Annexation Projects	Holder / Morris	08-30-13	Working on sewer.
6	Employee Handbook	Holder / Foster / Ray	Indefinite	Reflect personnel rules; No progress.
7	641 North	Holder / Morris	October 2013	Negotiating w/ TDOT on City-owned property on 641 North and coordinating negotiations with ICI on property in the name of PIDB.
8	MTAS Benchmarking	Holder	02-28-13	Approved in January; Will begin process in August.
9	Consideration of Insurance Coverage	Holder / Foster	02-28-13	USI on board. Over 50% reduction in rate.
10	218 Bypass	Morris / Holder / Greer	Undetermined	Chatham of McKenzie will do first appraisal; Flowers will review appraisal; October 1 <sup>st</sup> deadline for purchases.
11	Valleywood Drainage Project	Holder / Jessie	Undetermined	Engage Neel-Schaffer to conduct engineering study of drainage stream; Make recommendations; final in-depth report due 07-15-13.