



AGENDA

BOARD OF MAYOR AND ALDERMEN REGULAR WORK SESSION

Monday, November 17, 2008
Council Room — City Hall
4:30 p.m.

Board of Mayor and Aldermen

Mayor Dennis R. Phillips, Presiding

Alderman Valerie Joh

Vice Mayor Benjamin K. Mallicote

Alderman Charles K. Marsh, Jr.

Alderman Larry Munsey

Alderman Patrick W. Shull

Alderman Jantry Shupe

Leadership Team

John G. Campbell, City Manager

J. Michael Billingsley, City Attorney

Tom Bowman, Leisure Services Director

Jim Demming, City Recorder/CFO

Craig Dye, Fire Chief

Jeff Fleming, Asst. City Manager, Development Services

Chris McCart, Assistant to the City Mgr.

Ryan McReynolds, Public Works Director

Gale Osborne, Police Chief

Tim Whaley, Community and Gov't Relations Director

1. Call to Order
2. Roll Call
3. Work Session Tickler
4. Review of Items on November 18, 2008 Regular Business Agenda
5. Quarter Budget Update – Judy Smith
6. Recycling Update – Ryan McReynolds
7. Adjourn

Citizens wishing to comment on agenda items, please come to the podium and state your name and address. Please limit your comments to five minutes. Thank you.

Work Session Tickler

November 17, 2008

City Departments

Public Works

Energy Efficiency Measures

Ryan McReynolds

Updated October 16, 2008

Presentation was given to the BMA at the October 6th Work Session. Plan to represent with preliminary Phase I finding during the proposed CIP Workshop.

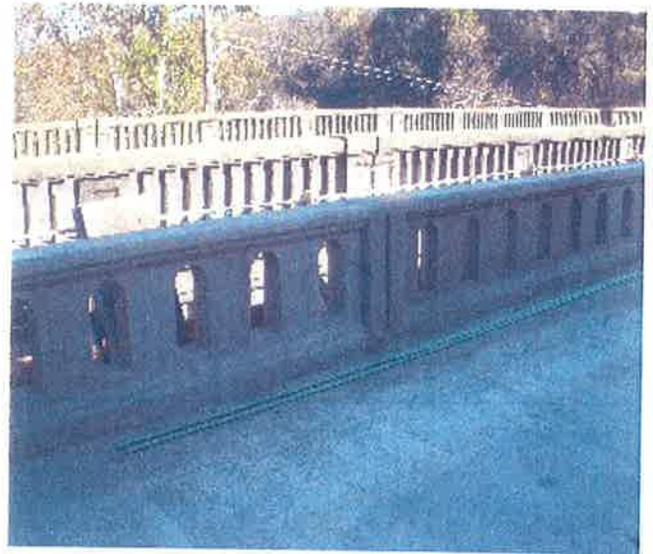
Engineering

Netherland Inn Bridge

Gary Dault

Updated November 13, 2008

The bridge rail is about 75% complete, with work continuing. The base and binder have been completed on both approaches. Permanent bank stabilization is in progress.



Automated Meter Reading***Chad Austin******Updated November 12, 2008***

Approximately 1,900 meters have been changed out thus far. Seven routes (of 128) have been completed thus far. The training for data collection is set for mid December at which time we can put the radio read capabilities of the meters to use. Approximately 200 leak detectors have been installed. The training on use of the leak detectors has not been scheduled yet, but should be around the first of the year.

Transportation (MPO)***Netherland Inn Bank Barn******Bill Albright******Updated October 31, 2008***

Exterior Work is nearing completion. Interior getting sheet rock and more work ahead. New photos attached.

**Special Projects*****Higher Education Center******Jeff Fleming******Updated November 11, 2008***

Structural steel erection continues. The main structure has been erected and floor joists are in place. The decking and upper floor slabs cannot begin until all of the structural welding is complete. The 1st floor foundation walls and under-slab utility rough-in are underway. As part of the larger Academic Village, the demolition of Paul Adam's/Holston Auto, Jim's Lawn Care and A Hood Bonding buildings is complete. The remaining structure of the Carriage House is to be removed in the next two weeks.

*Wayfinding**Chris McCartt**Updated October 20, 2008*

The City of Kingsport (Kingsport) has recently requested that Corbin Design, Inc. (Corbin Design) provide consulting and design services to develop a comprehensive and cohesive wayfinding and signage program to direct motorists and pedestrians to city destinations and amenities. The key goals are the logistical determination of signage locations and creation of a graphic environment that is clear, understandable, informative, friendly and helpful to the Kingsport visitor and resident. The project should not take more than eight months to complete at which time implementation and sign fabrication will need to be considered.

Project Approach

The project will be broken down into three main tasks for a total cost of \$81,410.00 appropriated from the visitor enhancement funds (VEP).

Task I Analysis (Two months to complete)

As part of our initial task, we also conduct a wayfinding analysis and review that evaluates the presence and use of the following from the standpoints of current types of wayfinding and branding:

Wayfinding Elements

- Gateway signage
- Banners
- Boundary markers or welcoming landmarks
- Vehicular directional signs
- Pedestrian directional signs
- Public website

Task II Design (Three months to complete)

Corbin Design will hold an internal design workshop that include information gathered during task I and analyzes architectural elements and topographic features, materials, themes, and the Kingsport goals for the system in order to develop an appropriate design aesthetic for the system.

- Designs will be presented for review and revisions

Task III Documentation (Three months to complete)

This task provides information necessary for the specification, purchase, fabrication and installation of the approved signage system. The Sign Location Plan and Sign Message Schedule identify the public wayfinding signage we have designed for the proposed system, plot its location and define its content.

Task IV Implementation – Not Included

Four to five months timeframe for the fabrication and installation of signs, not part of this contract. This task will be determined upon completion of prior task listed above.

Transportation (Traffic)

Traffic Calming Measures Michael Thompson Updated October 16, 2008

Essex & Suffolk Traffic Calming – An additional 8 traffic counts were completed throughout the Preston Forest subdivision and no other roadways met the minimum qualifications for traffic calming. These results were sent to the Neighborhood Association.

Bellingham Drive – Preliminary Design has been completed. Public hearing is expected to be scheduled in November.

*Netherland Terrace
Street Lighting* Michael Thompson Updated October 16, 2008

AEP is processing the permit required by CSX for approval and cost to place poles on their right of way as well as preparing an estimate for upfront City of Kingsport costs for installation.

*Indian Trail / Stone Drive
Signal & Median* Michael Thompson Updated October 16, 2008

Design plans are complete and TDOT has the project scheduled for a December 12, 2008 letting. The letting date has shifted by two weeks. Expected completion is spring 2009.

Leisure Services Update

Kingsport Public Library *Helen Whittaker* *Updated November 12, 2008*

Your "Library to go": new technology has allowed the library to keep up with busy lifestyles. Listed below are some examples of this new technology.

- Books on tape and books on CD for folks who like to listen to books when they drive
- Books on Playaways (an audio book and player in one-the size of a deck of cards) for passengers in cars, or for airplane travel , while you do yard work or housework, or sitting on the beach. Toss a couple into a purse or tuck some into a pocket and you're good to go. All you have to do is plug in the ear-buds.
- MP3 players – if you don't have your own, check one out at the library and download any of over 5,000 online audio books available through our website for free. They automatically "disappear" from your MP3 player after 14 days, so you don't have to worry about returning anything or overdue fines.
- Download any of our over 4,000 online electronic books available through our website for free
- Wireless online catalog – one that is text only that you can use with your cell phone

- Don't have time to read a whole book? Join our online book club and you'll get the first chapter of one book each week

If you can't get to the library, you can go online and renew your books or place a new one on hold. Visit our website at www.kingsportlibrary.org or contact Helen Whittaker at 229-9488.

Parks & Recreation

Dog Park

Kitty Frazier

Updated November 13, 2008

The Dog Park Committee met on November 3 and are finalizing arrangements for a dedication of the site in early December. The Park dedication ceremony will be developed to promote the City of Kingsport's "Gift" to the community.

Greenbelt

Kitty Frazier

Updated November 13, 2008

The Greenbelt section located between Sullivan Street/Cherokee Village and Cloud Park will be advertised on November 16, 2008 for construction bids. Pre- bid meeting will be December 3, 2008 at 2:00 p.m. (city hall) and the official bid opening will be December 16, 2008 at 4:00 pm. (city hall). We will keep you informed of the bid results after they have been received and reviewed. If you have any questions feel free to call Kitty Frazier at 229-9408.

Kingsport Area Transit Service

Transit Service

Chris McCartt

Updated November 13, 2008

First photo is one of our three new buses which is now in service, second photo is one of our schedule's on signs along the routes, and the third picture is of one of shelters at Maple Oak Apartments. These are items we discussed at the last BMA meeting.





AGENDA

BOARD OF MAYOR AND ALDERMEN

REGULAR BUSINESS MEETING

**Tuesday, November 18, 2008
Large Court Room – City Hall
7:00 P.M.**

Board of Mayor and Aldermen

Mayor Dennis R. Phillips, Presiding

Alderman Valerie Joh
Vice Mayor Benjamin K. Mallicote
Alderman Charles K. Marsh, Jr.

Alderman Larry A. Munsey
Alderman Patrick W. Shull
Alderman Jantry Shupe

City Administration

John G. Campbell, City Manager
J. Michael Billingsley, City Attorney
James Demming, City Recorder

- I. CALL TO ORDER**
- II.A. PLEDGE OF ALLEGIANCE TO THE FLAG**
- II.B. INVOCATION – Mitch Whisnant, Pastor – First Baptist Church**
- III.B ROLL CALL**
- IV. RECOGNITIONS AND PRESENTATIONS**
- V. APPROVAL OF MINUTES**
 1. November 3, 2008 Regular Work Session
 2. November 4, 2008 Regular Business Meeting

VI. COMMUNITY INTEREST ITEMS**AA. PUBLIC HEARINGS****COMMENT**

Citizens may speak on agenda items. When you come to the podium, please state your name and address and sign the register that is provided. You are encouraged to keep your comments non-personal in nature, and they should be limited to five minutes. A total of thirty minutes is allocated for public comment during this part of the agenda.

B. BUSINESS MATTERS REQUIRING FIRST READING

1. Consideration of an Ordinance Amending the FY 2008-2009 General Purpose School Fund Budget (AF: 350-2008)
 - Ordinance – First Reading
2. Consideration of an Ordinance to Amend the Culture Arts Division Budget in the General Fund by Appropriating Funds Received From the Tennessee Arts Commission Arts Build Community Grant to Support the Art Night/City Lights Performing Arts Series (AF: 359-2008)
 - Ordinance – First Reading
3. Consideration of an Ordinance to Amend the General Project-Special Revenue Funds by Appropriating Grant Funds Received From The Federal Emergency Management Agency (FEMA) and the Department of Homeland Security (AF: 360-2008)
 - Ordinance – First Reading
4. Consideration of a Resolution to Authorize the Mayor to Execute all Documents Necessary for Amendments to the Kingsport Higher Education Center Architect's Agreement with McCarty Holsaple McCarty Architect's, Inc. and Consideration of a Budget Ordinance to Appropriate the Grant Funds Received from the Economic Development Administration and the Appalachian Regional Commission (AF: 357-2008)
 - Resolution
 - Ordinance – First Reading
5. Consideration of An Ordinance to Update the City of Kingsport Travel Policy and Address Use of Travel Cards (AF: 366-2008)
 - Ordinance – First Reading

C. BUSINESS MATTERS REQUIRING FINAL ADOPTION

D. OTHER BUSINESS

1. Consideration of a Resolution Authorizing the Mayor to Execute a Sub Recipient Agreement with the Greater Kingsport Alliance for Development for the Acquisition of Vacant Residential Property (AF: 343 -2008)
 - Resolution
2. Consideration of a Resolution Authorizing the Mayor to Execute a Lease Agreement for Office and Storage Space for Quebecor World Inc. Located at 335 Roller Street (AF: 355 -2008)
 - Resolution
3. Consideration of a Resolution Adopting Search, Violence in the Workplace, and Weapons Policies (AF: 353 -2008)
 - Resolution
4. Consideration of Initial and Detailed Bond Resolutions Authorizing the Issuance of General Obligation Bonds (V.O. Dobbins Renovation/Non-profit Center) in an Amount not to Exceed \$7,145,000 (AF: 363 -2008)
 - Resolution
5. Consideration of Initial and Detailed Bond Resolutions Authorizing the Issuance of Local Option Sales Tax Revenue and Tax Bonds in an Amount not to Exceed \$15,305,000 (AF: 364 -2008)
 - Resolution
6. Consideration of Initial and Detailed Bond Resolutions Authorizing the Issuance of General Public Improvement Bonds in an Amount not to Exceed \$12,305,000 (AF: 365 -2008)
 - Resolution

E. APPOINTMENTS

1. Consideration of Reappointment to the Kingsport Beverage Board (AF: 352-2008)
 - Approve Reappointment

VII. CONSENT AGENDA

All matters listed under the Consent Agenda are considered in the ordinary course of business by the Board of Mayor and Aldermen and will be enacted on by one motion in the form listed. If discussion is desired by either the Board or the audience, the item in question will be removed from the Consent Agenda and considered separately.

1. Consideration of an Ordinance Authorizing the Mayor to Execute a Quitclaim Deed to the Industrial Development Board of the City of Kingsport, Tennessee (AF: 348-2008)
 - Ordinance – Second Reading – Final Adoption
2. Consideration of an Ordinance to Appropriate Funds from the General Fund Balance for the Completion of the Construction of the Veterans Memorial (AF: 351-2008)
 - Ordinance – Second Reading – Final Adoption
3. Consideration of Approval of Offers for Easements and Right-of-Ways for the Stone Edge Drive Slope Improvements Project (AF: 367-2008)
 - Approval of Offers
4. Consideration of Approval of Offer for Easements and Right-of-Ways for the Chestnut Ridge Road Sewer Line Extension Project (AF: 368-2008)
 - Approval of Offer

VIII. COMMUNICATIONS

- A. CITY MANAGER
- B. MAYOR AND BOARD MEMBERS
- C. VISITORS

Citizens may speak on issue-oriented items. When you come to the podium, please state your name and address and sign the register that is provided. You are encouraged to keep your comments non- personal in nature, and they should be limited to five minutes.

IX. ADJOURN

Minutes of the Regular Work Session of the
Board of Mayor and Aldermen, City of Kingsport, Tennessee
Monday, November 3, 2008, 4:30 PM
Council Room – City Hall

PRESENT:

Board of Mayor and Aldermen

Mayor Dennis R. Phillips

Vice-Mayor Benjamin K. Mallicote

Alderman Larry A. Munsey

Alderman Charles K. Marsh, Jr.

Alderman Patrick W. Shull

Alderman Jantry Shupe

City Administration

John G. Campbell, City Manager

J. Michael Billingsley, City Attorney

James H. Demming, City Recorder

1. **CALL TO ORDER:** 4:34 p.m., by Mayor Phillips.
2. **ROLL CALL:** By Deputy City Recorder Gilbert. Absent: Alderman Valerie Joh.
3. **WORK SESSION TICKLER.** No comment was made on the tickler.
4. **REVIEW OF AGENDA ITEMS ON NOVEMBER 4, 2008 REGULAR BUSINESS AGENDA.** City Manager Campbell, members of staff and community members provided a summary or presentation for each item on the proposed agenda. Those items the Board discussed at greater length or which received specific questions or concerns included:

VI.D.1 Public Hearing and Consideration of a Resolution to Amend the Resolution for the Plan of Services for the Moccasin Ridge Subdivision Part of the Rock Springs Area #1 Annexation Area (AF: 240-2008). Public Works Director Ryan McReynolds and Streets & Sanitation Manager Ronnie Hammonds were asked what was net ballpark cost or benefit of recycling asked by Marsh. Ronnie answered \$347,000 annual budget – cost of running operation, but with this recycling contract, City pays \$5,000/mo. For recycling service and get revenue back based on newsprint. Since July 2007 we've received \$65,000 from Tricity waster paper. Average several tons of \$37 that is diverted from landfill.

Out of 347,000, (4:42). Mayor aske dif City quit recycling on – Ryans said cost per year is \$120,000. Ryans said there is a statemandated diversion from the landfill. This aids that mandate from going to landfill.

Minutes of the Regular Work Session of the Board of Mayor and Aldermen of Kingsport, Tennessee, Monday, November 3, 2008

Mallicote said not making money running a sewer either but reasons to do it in spite of cost. Make revenue from newsprint from Times News and before going to Tri-City, paying \$30,000 per month. Ryan has long memo that he could provide BMA members.

Munsey asked if this agreement is continuation and Ryan confirmed. Munsey asked Mike B. on executive summary said both parties can renew for five successful years – **Mike will revise before tomorrow night's meeting.**

VI.D.2 Consideration of a Resolution to Enter into a Professional Services Agreement with Camp Dresser & McKee for Sanitary Sewer Modeling Services and Authorize the Mayor to Sign All Applicable Documents (AF: 344-2008). Marsh asked about I & I compliance and timeframe and was told by Ryan that PW on schedule to sunset.

On separate subject, Mayor asked Mike if provision if there's a private road utilized by public that City can put a wheelbarrow of asphalt and I speak of the road to Home Depot and everyone thinks it is a City road. Ryan said Ronnie went to Home Depot and they were unaware that it's a private road – Francis Harrell used to own it. Mike will look into it and theres a statute sending County people to jail if they do it.

Mayor said public thinks it's a public road, and Mayor will send them a letter. Board members agreed.

5. DEFINED CONTRIBUTION v. DEFINED BENEFITS PLANS. City Recorder Jim Demming said City has asked Stanton Group to see what alternatives are available co. Doug Anderson and Jeff _____? To provide information which was presented already to Audit Committee who recommended this be brought to BMA. CM clarified that if Board chooses to do something different from TCRA, would be about year process and any employees currently in TCRS, could choose to stay there. Prudent to look at this.

Munsey, who is on Audit Committee, was contacted by City employees who were aware that audit committee had seen presentation and had some questions a bd he suggested that this meeting would be a good opportunity to hear what Board hears for first time – that this is for information only.

Mr. Anderson (?) went over a PP of City of Kingsport Retirement Program Study. Lookjed at be3nefits and costs of each: DC v. DB and how each would work. **[GET COPY OF PP from CHRIS].**

Main difference is who shoulders the investment risk. He satated that probably 45 of 50 states have defined benefit plans.

Minutes of the Regular Work Session of the Board of Mayor and Aldermen of Kingsport, Tennessee, Monday, November 3, 2008

Munsey said lots of conversations recently and asked JHD to explain the parameters under which City has to operate re: Investments. JHD added that talking to TCRS rep and invested in 50 equity & 50% fixed and some real estate. State Pension trust fund and they have flexibility to invest in things City cannot do directly.

Marsh asked when was last time we saw report on TCRS returns. JHD said get annual report. Exp. 1.2% losses per last FY ending June 30 and, as we sit, looking at about 18% loss for this FY. Every two years, they redo the actuarial analysis. Hoping for rebound in the remaining 8 months left in fiscal year.

Second biggest difference is how value grows over time. Value to employees grows very slowly in DB accrual.

DC analysis grow more quickly.

Munsey asked one to describe current program in place for employees. Who pays how much, when do they reach retirement. JHD explained that City pays 100% of contribution for employees with exception of teachers. Teachers contribution around 5% to their plan. They are in different plan with state. Currently at 16.58% of payroll is contribution rate. 60 is normal retirement age with minimum of 5 years. There's an early retirement at 55 with 10 years of service. 1.5% benefit factor of years of service. City pays full amount.

Munsey pointed out that very unusual to pay full benefits. Reply was most states have employees contribute. Marsh said more and more retire past 60 years. Up to 75% of wage if working 50 years of average of last 5 years of pay.

At end of presentation, mayor asked when city employees would be allowed to provide input. CM said incumbent to provide info to BMA and not planning to make any decision. If no interest by BMA, wouldn't do anything else. In terms of benefits, win-win for taxpayers and employees, would be doing more homework. Had question for Doug – noticed all DC scales were based on 8% contribution, how much would 9% contribution afford?

Doug went back to slide "Replacement Ratio at Normal retirement". CM said at 9% contribution would provide a 10% return at 30 years service.

Mayor asked why is City considering change. CM said when there's a 16.58% contribution and may be more later; making sure all facts on table, in a situation where 16.58% to some extent comes out of potential salaries people could be earning. If people understood full packet, like to have 10% defined contribution and get more salary.

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Cm said employees would be involved and anybody who has 10 years of service with City should stay with TCRS, anyone else might want to consider DContribution and may be more attractive. Mayor asked audit committee to continue reviewing with Employees and come back to board with recommendation.

Nothing City could do unless you choose to opt out. If current employees satisfied with TCRS and any length of service with City, entirely city employee prerogative.

Shull said pushed for this type of presentation. We don't see a projection 20 years from now, if we continue with current system, what would impact. No basis on how affordable retirement system is. City's largest employee and many other have switched to DC plan and there's a reason

Munsey said from his perspective, what you see it that in private sector, people develop health care plans that no one can afford. I think what City needs to do is to continue so that when we come to budget time, can give BMA and employees a choice and talk about whether want benefits or pay.

Mallicote asked Doug to go to slide 16 "Estimated Future TCRS Contributions" and said HSuyll had good questions and said if we look at this, 8.8% of payroll is what it should cost on ongoing basis going forward. Issue is that TCRS doesn't always meet those assumptions and may be some fluctuation.

Shull believes need to put on glide path going forward or will wish we had. This is just another cost that City has to consider.

Shupe said employees are the ones who truly need to make that decision because it is their retirement.

Mayor said trying to provide retirement for employees and also trying to not put City in same shape as GM and others, one thing to have employee today that's already on payroll and don't change game plan but if tomorrow game plan changes and new employee hired under different game plan, that's another thing.

Marsh pointed out that est. future TCRS Contributions, these appear to be optimistic. 2 points: potential or hairpinning future boards is here – hope audit committee will work further with this – could be slow fuse to big financial explosion. (5:55 p.m.)

Munsey suggested that Mayor have employees in attendance and concerned, if they have any input on this subject. Shull pointed out that the portability of this could be attractive to newer/younger employees.

Roger Williams of ? asked what this would mean to employees already drawing? Will continue the same. Medical benefits are a different issue and may come up at meeting in the future.

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6. PRESENTATION ON KINGSPORT VETERANS MEMORIAL. Fundraising chair, Admiral John McKinley, project chairman Jim Erwin and Susan LaGuardia, Executive Director of Kingsport Tomorrow [get copy of handout provided by Susan LaGuardia].

Just a week away from dedication and nearing completion. Jim Erwin brought up to date. 3 years ago project got off the ground and providing status of progress. Weather permitting, will be done this Friday, and invited all to dedication next Thursday at 11 a.m. At that time, will be big dedication and be turned over the City. Adm. McKinley spoke about finances – last time here mentioned that Kpt is very generous. Now in shortfall of \$248,133, after raising over \$590,000.

Jantry asked about AEP money and CM said in excess general fund balance in the amount of \$800,000 and would it be appropriate to use for Veterans Memorial shortfall and would BMA members support?

Munsey said how we pay for this, and don't have problem with Jantry's suggestion, and all of us look at this amount of money, that's a lot of money – prefer to look at other way around and have a great group of people who have raised more than 70% for a memorial that is for the benefit of the City. It's on City property and I think we need to bite the bullet and give them rest of money and rejoice and celebrate we have this memorial.

Mayor said if we don't do it, then we have a memorial – we'd rather not spend \$250,000 – not the Board's intent to begin with. Got a group that's worked very hard on memorial that will belong to City and if BMA doesn't do it – don't know what would happen – repossess?

City Attorney said City is not legally liable – don't have contract on this construction. Shull asked how much money in Public Art fund – cm said 30-40,000. Mallicote said specifically not to be used for memorial.

Marsh said his understanding that BMA had agreed that AEP money would be reinvested downtown in some way. Jantry said majority of it could be even if some is used for this.

Marsh said this was presented to us with every good intent by solid people and these folks have worked night and day for better part of two years from people who apparently are interested in this – I made my contribution and other around table have done so and many have not made a contribution. As a memorial, if we do this, we're hitting the people who have already made a contribution and forcing the money from those who haven't and is that a proper way to fund this. 3 vets around the board, Shull, Phillips and Marsh. But as voluntary program, troubled by hitting same people who have voluntarily done so and from those who didn't want to contribute.

Minutes of the Regular Work Session of the Board of Mayor and Aldermen of Kingsport, Tennessee, Monday, November 3, 2008

Mallicote said only reason not a veteran, bad eyesight kept him from serving – that's what he wanted to do to reflect admiration for veterans and things don't always work out the way we want it to. Difficult for this Board to be in, but frankly, you don't want to be up there either. Ben comes down – the group who has worked on this I have absolute faith that they have wrung out every dollar and are continuing to do that. As practical matter, don't think we have any choice. Not chastising for not doing a good job, but just tough situation on both sides.

Shull said no need to personalize, but philosophically, the greatest tribute citizens can make to veterans is to make voluntary contribution and don't feel good about compelling some to contribute. Asked City attorney and City manager to put heads together to come up with solution. Will they go to jail?

Mayor said give me plan B – what is alternative.

Munsey said if we don't do this, number of citizens will be upset – far greater than those who feel there compelled to do.

Susan pointed out that they did raise the amount of money they originally planned for this memorial but costs came up that were unplanned.

Mr. Erwin stated that the Cities of Erwin, Bristol all gave land and money to build memorials. We have not quit raising money.

Shull suggested that if City pays from general fund, will pay back via the public art fund, if policy precludes this, then change policy. Believes this is a first-class this.

Mayor sees consensus of Board is to try to assist and asked CM to come up with some recommendations and bring back to Board for consideration. Won't be tomorrow, but at next meeting. Munsey asked why not tomorrow? Many wanted to add to tomorrow's agenda. Mayor asked City attorney if need to be read in entirety and confirmed it would have to be.

Susan said at dedication, there is lunch – none of those fund were independent. Volunteer got money to cater meal for 500. Will set out donation jars at that event. (6:30)

7.UPDATE ON COOK'S POINT. Jeff Fleming and Rack Cross, Building Inspector

8.

9. Mayor said developer is working with the City on these issues. Mayor's response to Ms. Simmons is that the City has done all they can do and will probably need to be settled in the courts.

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Kingsport, Tennessee, Monday, November 3, 2008**

Jeff Fleming explained that Cooks Point is a planned development and one option was to keep it single family residential. Autumn Woods is doing that. This is a PD and allows a piece of land with flexibility to avoid slopes, and rock outcropping. First to say publicly that City is not perfect and as mistakes have been made, try to be diligent to the things we can control. Rack Cross, Development Services Coordinator.

Mayor said he would like to just have her 6 concerns addressed. Are they things the City needs to be addressing? Jeff said yes most are city's responsibilities.

1. Common areas not complete (Rack had PP). responses he received: surveyed area will determine amount of common space provided by developer prior to transferring property ownership – completed common areas in phase I and phase ii are complete and available common area is accessible by way of peripheral yard, picnic furniture was expected but not included in plans.

(Munsey said citizens should not have to sue developers to do the right thing. If he told them he was going to do that, he needs to do so whether he presented to PC or not.)

Marsh said he has been in number of meetings on this issue when about 1 dozen owners have shown up. Not just one person who is unhappy.

2. Storm water basins are allowed in commons areas and **Unsightly Detention Pond** visible from Harbor Chapel.
3. **Vegetation**
4. T-Turns not provided as planned **[get copy of Rack's PP]**
5. Top Coat of Pavement not installed. Scheduled at end of development.
6. Construction debris not removed as it accumulates. In compliance with City ordinance.
7. Slopes too steep – permits were temp. held until slopes deemed stable.

Altho development is presently meeting the ord. and expectations, City is encouraging developer to go beyond what is presentable.

Munsey asked Marsh about PC reaction and Marsh said some are Homeowners' issues and don't involve City but there are some City has direct responsibility (T-intersection was roughed out and asphalt base there just disintegrated – sloppy work). 80% of development is finished and top coat has not been done and looks like a construction site.

Munsey asked Jeff whenever changes to plans after initially approved by PC, do residents have any input on those changes? Marsh said generally done, unilaterally, but if residents have come and addressed issues, try to work with them.

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Mayor asked if City is enforcing codes and Jeff said City is doing that. Many things called to City's attention that been lax on and went back to address. Does have a performance bond recently extended. Marsh said found out from Ryan and others that taking the money and paving the street did not cover the cost (due to increased cost of oil/petroleum/asphalt), so PC did extend bond for that reason. Can extend but not increase.

Munsey said need to seriously consider a provision, contractually upfront, where project goes on for 5 years, bond will not cover performance during the late stages.

Frist spoke – bond is fairly current – July 2007. Bonds come up every year.

City attorney said theory behind law is that bond is for 100% of cost to put in whatever, street, sidewalk, or a letter of credit, and as project progresses, your costs are going down and bond usually can be maintained at that level to compensate the City if it has to go in and finish the project. Not usually upside down on a bond.

Normally the PC will set a time period to look at the project and renew or not the right to post the bond. Otherwise, if don't have to build entire subdivision before selling any lots.

Mallicote went back to list of 6 issues from Ms. Simmons' letter:

- 1) Retention pond – expectation to be completed as developing.
- 2) Erosion/drainage – have an engineer's report City is satisfied
- 3) Common areas – gazebo, picnic area, vegetation (Mayor said on original plans, there has been at least one house built on what was originally a common area and that did not come back to the PC until after the fact. PC's position is if there is 30% common area, that can be changed by developer without preapproval of PC. Jeff said don't want to be in that situation, mistake there, but house was already there and he would have had more than required and now complies with Code. Ben asked if enforcing development plan or Code requirement – minimum of 20 and now has 22-23%. Jeff answered both.
- 4) Contractor debris – not ideal but within the boundaries that are allowed. Jeff said ask him to continue to be diligent about this. Where construction is taking place is all construction.
- 5) T-turnaround – not completed but scheduled for completion in phase iii. Ben asked if completion date? (this started as T-turnaround and reduced down to L-turnaround and was not acceptable and didn't work so now back to T-turnaround)
- 6) Street paving – last layer of asphalt scheduled to be completed on Phase III. Phase IV takes place on Triangle Circle.

Mayor asked Eric Frist to talk and address issues: Don't have definite answer for completion – sales are extremely slow – only sold one unit this year. Top coat of

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paving and hesitant to do while still constructing and will not hold heavy trucks. Turnaround was misunderstanding with City and subcontractor doing the road and was verbally approved by engineer.

Ben asked Ken what has been said about the 6 points. He said he would be more akin to Larry's viewpoint at last meeting and total frustration with having to cope with this over and over again. Larry made statement that City staff should solve this problem and never hear about it again.

Ken said if I lived out there, I would have many of these same concerns – retention pond just raw earth in middle of nice development – thicket that was to be common area – pavement not finished – turnaround torn up. The slope situation – looks like come to a consensus that what is there is suitable for what's there.

Ben said several are scheduled to be completed as development is completed but because of economy and other things, progress has slowed considerably and at what point does City say, although, time to plant grass and pave here? If I'm a resident that someday these will be addressed, need to know when someday is. Who makes that determination and based on what?

Mayor said does City want to do this out of taxpayers money if we take out of developer's hand. Marsh said paving can be done out of performance bond.

Ken said bond is \$74,000 and if City paved it themselves, might come out OK. If pay someone, will be short.

At 7:11, Martha Simmons said had 4 ½ hour meeting notice of this meeting and homeowners plan to come to tomorrow night's meeting. She said they didn't know and other homeowners need to see this presentation. Some of Rack's presentation is not true.

Two homeowners did the landscaping of the bridge (would be in phase III). The only commons have in Phase I is a lot behind a house that backs up to Cooks Valley Road. Developer has not enforced the rules – covered with dog feces. Code said commons areas to be used – to be developed at same rate as the unit and does not say anywhere that commons areas will be developed in phases they are in.

Next, retention pond has never held water. Should be landscaped and fenced if City deems necessary. As far as she being the only person and in minority, just not true.

Nila Russell admitted to Remington House – (7:15 p.m.)...

Have two elderly ladies – tomorrow night will be a bunch of people – had a roomful to speak to Jeff Fleming and when met with Rack, was limited on number of people because of room.

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Construction debris is to be removed as it accumulates at the contractor's expenses acc. To Code. There's stuff that works its way up through the soil of my yard – tin cans and insulation backing...

Simmons asked if law says it needs to be done – is that not the law?

Mayor asked what is City not doing today that it should be doing? Simmons said going on for two years and promises that this will be taken care of. Knew drainage would be problem – four houses flooded because property culverts and tile not in place.

Ryan spoke to drainage and has design from original engineer and he's following. He is building about four houses and probably extended some yard drainage as building. Geysers is in front of her house on Cooks Point. Marsh said because asphalt is not on there. Jumping the lip of the concrete (could divert to avoid that).

Simmons referred to two huge culverts that comes from Skyland Drive and goes nowhere. Ryan doesn't have much concern about drainage and said Marsh is correct where roads are not paved and will divert that problem.

Mayor aid bond extended for certain period of time by PC and if we said want paving done tomorrow (City attorney said can't call the bond – has time limit within which to complete projects). Mayor doesn't know if Board can solve these problems.

Shull said developer doesn't appear to be in top 10. If he tries to do future developments, can City require him to demonstrate better competence?

Mike said can require him to comply with development plan.

Ryan said every time he has spoken with developer, has been cordial and complied with requests that were on original plan.

City attorney said several developments over the years that go on, even Edinburgh, are done in phases, to capitalize the following phases.

Plumbing, sewer all inspected, electrical passed, gas, etc. Inspectors of general construction of house to ensure building code compliant. Market driven economy.

Mayor asked Mike Freeman if ever had one this tough? Mike Freeman said he couldn't think of any. Length of project skyland falls going longer than this one. Don't know about Riverbend – can only build as they sell. Preston Forest is still under development. City Attorney said we have called in letters of credit or bonds.

Mayor asked if developer has been treated differently and Mike said done, he controls building only, TDEC did not want grass cut until project done because part of stormwater stop. Have to comply with TDEC – they have final say.

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Frist said retention pond not intended to hold water, just to slow it. Simmons said written on plat submitted that says it will be landscaped and if city sees fit, it will be fenced.

Marsh asked what would be City's situation if we went to developer and said we're holding bond – it's enough to pave the street and the T-turnaround - he did that and release his bond and it would then be our street. Ryan said we accepted the street when we accepted his bond. That would visually make a difference and take some contingencies off the table.

If destroyed by trucks, then City would be responsible. Ryan suggested starting at intersection of completed phase.

Simmons asked if City can enforce ordinances. Mayor said every Department is told to enforce every ordinance on the books concerning this subdivision. Some are subject to interpretations, such as fence around the pond.

Simmons asked if Rack Cross can show this tomorrow night. Mayor said that's at Board discretion and he decided not to allow it. If homeowners want to come down and see it, asked Rack if he has printed copy of power (Jeff said can get a printed copy) and Mayor offered to provide printed copy.

Simmons feels you misled the aldermen in stating there are just a few that feel this way. 8 people called and 2 came to see him and told him there was 4-5 people who feel the same way as you do. Mayor wants to keep this from becoming personal among neighbors. No one who called or visited feels as you do. Sure there are others but just telling facts.

How much debris does the code allow? Mayor said require every two by four cleaned up every day? Definition of debris is subjective. Has to be give and take among the parties.

Ben voiced his opinion that city is enforcing the Code and Simmons may have reasons to be displeased with what's going on in neighborhood but source of recourse is not through the City. If things are not being done that were promised to you, civil court. If not done to standard she believes should be done and what you want may be above what the court requires which is minimum standard. If you have a reasonable expectation should be done above that standard, civil court case. Satisfied by what shown that codes are being enforced.

Munsey agrees with Mallicote, but also, have to admit with everything he says but don't have a solution. There are some points of disagreement but don't have any suggestions to resolve. Don't think citizens should have to sue and in the future, City

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Attorney, way to get more cooperation from developers and this is a very unfortunate situation.

Shull said about CIP – more he thought, likes Marsh idea of combining funds for schools and the local roads – one package to vote on leaving approx. \$13 million more projects but not necessarily in favor of bundling the rest as one.

CM passed out (**GET COPY OF HANDOUT**), with total of all projects....

10. ADJOURN. Seeing no other matters presented for discussion at this work session, Mayor Phillips adjourned the meeting at 7:45 p.m.

ELIZABETH A. GILBERT
Deputy City Recorder

DENNIS R. PHILLIPS
Mayor

Minutes of the Regular Business Meeting of the
Board of Mayor and Aldermen of the City of Kingsport, Tennessee
Tuesday, November 4, 2008, 7:00 PM
Large Court Room – City Hall

PRESENT:

Board of Mayor and Aldermen

Mayor Dennis R. Phillips, Presiding
Alderman Charles K. Marsh, Jr.
Alderman Larry A. Munsey

Alderman Patrick W. Shull
Alderman Jantry Shupe

City Administration

John G. Campbell, City Manager
J. Michael Billingsley, City Attorney
James H. Demming, City Recorder

- I. **CALL TO ORDER:** 7:00 p.m., by Mayor Dennis R. Phillips.
- II.A. **PLEDGE OF ALLEGIANCE TO THE FLAG:** Led by Sullivan County Commissioner Joe Herron.
- II.B. **INVOCATION:** By Pastor Thomas Legg of the Concordia Lutheran Church.
- III. **ROLL CALL:** By City Recorder Demming. Absent: Alderman Valerie Joh.
- IV. **RECOGNITIONS AND PRESENTATIONS.**

A. CITY OF KINGSPORT UNITED WAY COORDINATING TEAM. Mayor Phillips introduced United Way team members as: Chair Trish Smith, Co-Chair Morris Baker, Scott Boyd, Niki Ensor, Michael Thompson, Jimmy Hensley, Ronnie Hammonds, Hank Clabaugh, Bryan Martin, Tom Patton, Pam Halbrook and Page Jeffers. City Manager Campbell mentioned the huge success of last year's campaign (also chaired by Ms. Smith) and commended these City employees for their volunteer work on this worthy cause. Chair Smith reported there was a 5% increase in City employee giving over last year and provided figures on how much was raised.

V. APPROVAL OF MINUTES.

Motion/Second: Munsey/Mallicote, to approve minutes, as amended, for the following meetings:

- A. October 20, 2008 Regular Work Session
- B. October 21, 2008 Regular Business Meeting

Approved: All present voting "aye."

VI. COMMUNITY INTEREST ITEMS.

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AA. PUBLIC HEARINGS. None.

A. PUBLIC COMMENT. Mayor Phillips invited Commissioner Joe Herron to come forward to address the Board at this time.

Commissioner Herron stated that the Cooks Point subdivision is in his district and he has been made aware of concerns homeowners have. He requested the BMA entertain these issues to ascertain the validity of the complaints and communicate the findings and any resolutions to the concerned homeowners in order to allow closure.

Mayor Phillips responded that a considerable amount of time has been spent on this subject at last night's work session and the Board has asked City staff to follow every ordinance in place to address stated concerns. He acknowledged that this is an unfortunate situation and offered to deviate from usual meeting procedures to allow any citizens attending to voice their concerns, limiting all comments on this subject to 15 minutes total - three minutes per speaker - and requesting that any comments shared be only those providing new information other than what had already been covered at the work session.

Ms. Joan Byrd of 4120 Cook Point, Kingsport, said she was the first resident in the subdivision, having moved in November 2004. She expressed concern over dangers associated with the pond, lack of paving, and the current L-turn that would not be sufficient to accommodate an ambulance or any other vehicle. She described the promises made by the developer that have not been kept, such as a walking trail and common area. She implored the BMA to do something about these issues in the Cooks Point subdivision.

Ms. Carolyn Reedy, 4158 Cooks Point, Kingsport, spoke about erosion problems with the development, allowing drainage to come down on her place and sees them as very dangerous. She also expressed concern about the pond, as well as debris and mess in the area.

Mayor Phillips said the City is sympathetic to these concerns and assured those concerned that the City will do what it legally can. He pointed out that there appear to be issues that were not on the approved plans – things promised by the developer – that are out of the City's control. City staff has been challenged to make frequent visits to the subdivision and, as the bond for paving matures, the Planning Commission will be strongly encouraged not to renew the bond to ensure the paving is completed.

Alderman Marsh indicated it appears to him the City has three responsibilities to address: Streets/drainage and clean-up. Streets would include 1) incomplete paving, which includes making the T-turnaround adequate; 2) street slopes in excess of City standards; and 3) not allowing parking on subdivision streets. Next, he stated the

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drainage issues need to be addressed by the Tennessee Department of Environment and Conservation (TDEC) and determined whether City can help. To resolve the issue of required clean-up, City staff needs to inspect on a regular basis and assess a \$50 fine (on a daily basis, if necessary), if found in violation of City Code.

At this point, the Mayor invited citizens in attendance to speak to any of the remaining agenda items. There being no one coming forward to speak, the Mayor closed the public comment segment.

B. BUSINESS MATTERS REQUIRING FIRST READING.

1. Consideration of an Ordinance Authorizing the Mayor to Execute a Quitclaim Deed to the Industrial Development Board of the City of Kingsport, Tennessee (AF: 348-2008).

Motion/Second: Munsey/Shupe, to pass:

AN ORDINANCE TO AUTHORIZE THE MAYOR TO EXECUTE AND DELIVER A QUITCLAIM DEED TO THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF KINGSFORT, TENNESSEE FOR THREE TRACTS OF LAND LOCATED ON AND NEAR WEST MAIN STREET; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on first reading: All present voting "aye."

2. Consideration of a Resolution Authorizing the Mayor to Execute an Agreement with Kingsport Tomorrow, Inc. and Consideration of an Ordinance to Appropriate Funds from the General Fund Balance for the Completion of the Veterans' Memorial Construction (AF: 351-2008). Mayor Phillips complimented those who had worked diligently to raise 70% of the funds necessary to construct this worthy memorial and who were continuing to solicit contributions toward the project. He explained the need to cover the construction costs at this time and this action to do so.

Alderman Shull expressed his support for this memorial but encouraged voluntary contributions to cover the shortfall, rather than use of public funds. He suggested covering the amount from the City's Public Art Fund since he sees this as a "work of art."

Motion/Second: Munsey/Shupe, to pass:

Resolution No. 2009-117, A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE AN AGREEMENT WITH KINGSFORT TOMORROW, INC. FOR THE COMPLETION OF THE CONSTRUCTION OF THE VETERANS' MEMORIAL LOCATED ON CITY PROPERTY BETWEEN INDIAN COURT AND THE CITY'S ENGINEERING DEPARTMENT BUILDING ON FORT HENRY DRIVE

Passed: All present voting "aye."

City Attorney Billingsley was required to read the following proposed ordinance in its entirety because it had not been not pre-filed, having been added to the agenda as a result of discussion at yesterday's work session.

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Alderman Shull moved, seconded by Alderman Marsh for the sake of discussion, to amend the ordinance, before second reading, to repay this fund out of the Public Art Fund.

Board discussion followed whether or not this should be defined as "art," the potential negative impact the amendment would have on the Public Art fund, as well as other avenues for funding this request.

The vote on the motion to amend failed 4-2 with Mallicote, Munsey, Shupe and Phillips voting "nay" and Marsh and Shull voting "aye."

Motion/Second: Mallicote/Munsey, to pass:

AN ORDINANCE TO AMEND THE SPECIAL PROGRAMS DIVISION IN THE GENERAL FUND BUDGET BY APPROPRIATING FUNDS FROM THE GENERAL FUND UNDESIGNATED FUND BALANCE TO COMPLETE CONSTRUCTION FOR THE VETERANS' MEMORIAL FOR THE FISCAL YEAR ENDING JUNE 30, 2009; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on first reading: All present voting "aye."

C. BUSINESS MATTERS REQUIRING FINAL ADOPTION.

1. Consideration of an Ordinance to Amend Zoning of one (1) Treeland Heights Parcel A located on Reservoir Road from R-1B to B-3 Zoning (AF: 309-2008).

Motion/Second: Mallicote/Munsey, to pass:

Ordinance No. 5780, AN ORDINANCE TO FURTHER AMEND THE ZONING CODE, TEXT AND MAP, TO REZONE PROPERTY ADJACENT TO RESERVOIR ROAD KNOWN AS THE TREELAND HEIGHTS PARCEL A FROM R-1B, SINGLE FAMILY RESIDENTIAL DISTRICT TO B-3, GENERAL BUSINESS DISTRICT IN THE 13TH CIVIL DISTRICT OF SULLIVAN COUNTY; TO FIX A PENALTY FOR THE VIOLATION OF THIS ORDINANCE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on second reading in a roll call vote: Mallicote, Marsh, Munsey, Shull, Shupe and Phillips voting "aye."

2. Consideration of an Ordinance to Amend Zoning of One (1) Treeland Heights Parcel B located on Reservoir Road from R-1B to P-1 Zoning (AF: 310-2008).

Motion/Second: Munsey/Mallicote, to pass:

Ordinance No. 5781, AN ORDINANCE TO FURTHER AMEND THE ZONING CODE, TEXT AND MAP, TO REZONE PROPERTY ADJACENT TO RESERVOIR ROAD KNOWN AS THE TREELAND HEIGHTS PARCEL B FROM R-1B, SINGLE FAMILY RESIDENTIAL DISTRICT TO P-1, PROFESSIONAL OFFICE DISTRICT IN THE 13TH CIVIL DISTRICT OF SULLIVAN COUNTY; TO FIX A PENALTY FOR THE VIOLATION OF THIS ORDINANCE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on second reading in a roll call vote: Mallicote, Marsh, Munsey, Shull, Shupe and Phillips voting "aye."

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**3. Consideration of Ordinances to Annex/Amend Zoning of the
Warrior Falls Annexation Area (AF: 331-2008).**

Motion/Second: Munsey/Mallicote, to pass:

Ordinance No. 5782, AN ORDINANCE TO ANNEX THAT CERTAIN TERRITORY ADJOINING THE PRESENT CORPORATE BOUNDARIES OF THE CITY OF KINGSFORT, EMBRACING THAT CERTAIN PART OF THE 7TH CIVIL DISTRICT OF SULLIVAN COUNTY, TENNESSEE, AND KNOWN AS THE WARRIOR FALLS ANNEXATION, AS HEREINAFTER DESCRIBED; TO INCORPORATE THE SAME WITHIN THE CORPORATE BOUNDARIES OF THE CITY OF KINGSFORT, TENNESSEE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on second reading in a roll call vote: Mallicote, Marsh, Munsey, Shull, Shupe and Phillips voting "aye."

Motion/Second: Munsey/Mallicote, to pass:

Ordinance No. 5783, AN ORDINANCE TO FURTHER AMEND THE ZONING CODE, TEXT AND MAP, TO ZONE PROPERTY ALONG WARRIOR FALLS DRIVE, PUEBLO DRIVE, AND ARROWHEAD DRIVE TO R-1B, RESIDENTIAL DISTRICT, IN THE 7TH CIVIL DISTRICT OF SULLIVAN COUNTY; TO FIX A PENALTY FOR THE VIOLATION OF THIS ORDINANCE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on second reading in a roll call vote: Mallicote, Marsh, Munsey, Shull, Shupe and Phillips voting "aye."

**4. Consideration of Ordinances to Annex/Amend Zoning of the
Cherry Knoll Annexation (AF: 332-2008).**

Motion/Second: Marsh/Shupe, to pass:

Ordinance No. 5784, AN ORDINANCE TO ANNEX THAT CERTAIN TERRITORY ADJOINING THE PRESENT CORPORATE BOUNDARIES OF THE CITY OF KINGSFORT, EMBRACING THAT CERTAIN PART OF THE 7TH CIVIL DISTRICT OF SULLIVAN COUNTY, TENNESSEE, AND KNOWN AS THE CHERRY KNOLL ANNEXATION, AS HEREINAFTER DESCRIBED; TO INCORPORATE THE SAME WITHIN THE CORPORATE BOUNDARIES OF THE CITY OF KINGSFORT, TENNESSEE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on second reading in a roll call vote: Mallicote, Marsh, Munsey, Shupe and Phillips voting "aye" and Shull voting "nay."

Motion/Second: Munsey/Shupe, to pass:

Ordinance No. 5785, AN ORDINANCE TO FURTHER AMEND THE ZONING CODE, TEXT AND MAP, TO ZONE PROPERTY ALONG BROWDER ROAD, LYNN ROAD, AND FIELDCREST ROAD TO R-1B, RESIDENTIAL DISTRICT, IN THE 7TH CIVIL

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DISTRICT OF SULLIVAN COUNTY; TO FIX A PENALTY FOR THE VIOLATION OF THIS ORDINANCE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on second reading in a roll call vote: Mallicote, Marsh, Munsey, Shull, Shupe and Phillips voting "aye."

D. OTHER BUSINESS.

1. Consideration of a Resolution Approving Renewal of Recycling Services Agreement with Tri-City Waste Paper, Inc. for a Curbside Collection of Recyclable Materials Program and Authorizing the Mayor to Execute all Documents Necessary (AF: 343 -2008). City Attorney Billingsley revised the resolution to add an extra paragraph indicating that Tri-City Waster Paper indicated its desire to renew this recycling agreement.

Motion/Second: Shull/Munsey, to pass, as amended:

RESOLUTION No. 2009-118, A RESOLUTION APPROVING RENEWAL OF THE RECYCLING SERVICES AGREEMENT WITH TRI-CITY WASTE PAPER, INC. FOR A CURBSIDE COLLECTION OF RECYCLABLE MATERIALS PROGRAM AND AUTHORIZING THE MAYOR TO EXECUTE ALL DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE RENEWAL OF THE AGREEMENT

Passed: All present voting "aye."

Alderman Marsh requested that City staff provided a financial report reflecting expense and revenues of the recycling program, to determine whether the City is making or losing money on this program and how much. Alderman Munsey pointed out that recycling diverts from materials going into the landfill, resulting in a saving of sorts.

2. Consideration of a Resolution to Enter into a Professional Services Agreement With Camp Dresser & McKee for Sanitary Sewer Modeling Services and Authorize the Mayor to Sign all Applicable Documents (AF: 344 - 2008).

Motion/Second: Shupe/Mallicote, to pass:

Resolution No. 2009-119, A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH CAMP DRESSER & MCGEE FOR SANITARY SEWER FLOW MONITORING SERVICES PHASE II

Passed: All present voting "aye."

3. Consideration of a Resolution to the Mayor to Reject all Bids Related to Milling and Paving of Selected City Streets – Fall 2008 (AF: 345 -2008).

Motion/Second: Marsh/Munsey, to pass:

Resolution No. 2009-120, A RESOLUTION TO REJECTING ALL BIDS FOR MILLING AND PAVING SELECTED CITY STREETS - 2008

Passed: All present voting "aye."

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4. Consideration of a Resolution Authorizing the Mayor to Execute all Documents Necessary to Purchase Mobile Data Terminals/Automated Vehicle Locators for the Kingsport Area Transit Service (AF: 346 -2008). Assistant to City Manager Chris McCartt addressed Board questions and concerns about the City's transit service, including route changes, fare adjustments, route/time postings, as well as the huge timesaving and efficiency factor of installing the terminals and software involved in this action.

Motion/Second: Mallicote/Shupe, to pass:

Resolution No. 2009-121, A RESOLUTION AWARDING THE BID FOR PURCHASE OF MOBILE DATA TERMINALS/AUTOMATED VEHICLE LOCATORS FOR THE KINGSPORT AREA TRANSIT SERVICE TO ROUTE MATCH SOFTWARE

Passed: All present voting "aye."

E. APPOINTMENTS.

1. Consideration of an Appointment to the Kingsport Regional Planning Commission (AF: 349-2008).

Motion/Second: Mallicote/Shupe, to approve:

APPOINTMENT OF ALDERMAN LARRY A. MUNSEY TO COMPLETE THE FOUR-YEAR TERM ON THE KINGSPORT REGIONAL PLANNING BEING VACATED BY THE RESIGNATION OF ALDERMAN CHARLES K. MARSH, JR., EFFECTIVE NOVEMBER 7, 2008 AND ENDING JUNE 30, 2011

Passed: All present voting "aye."

VII. CONSENT AGENDA.

Consent Agenda items are considered under one motion.

Motion/Second: Mallicote/Shupe, to adopt:

1. Consideration of a Budget Ordinance to Fund Both the Revenue and Expenditure Accounts for the Adult Education Program (AF: 317-2008).

Adopt:

Ordinance No. 5786, AN ORDINANCE TO AMEND THE GENERAL FUND ADULT EDUCATION BUDGET BY APPROPRIATING FUNDS FOR THE ADULT EDUCATION PROGRAM FOR FISCAL YEAR ENDING JUNE 30, 2009; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on second reading in a roll call vote: Mallicote, Marsh, Munsey, Shull, Shupe and Phillips voting "aye."

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**2. Consideration of Approval for Additional Holiday Time at
Christmas for City Employees (AF: 347-2008).**

Approve:

ADDITIONAL HOLIDAY TIME AT CHRISTMAS TO INCLUDE THE FRIDAY
FOLLOWING CHRISTMAS FOR CITY EMPLOYEES

Passed on second reading in a roll call vote: Mallicote, Marsh, Munsey, Shull, Shupe
and Phillips voting "aye."

VIII. COMMUNICATIONS.

A. CITY MANAGER. Mr. Campbell commended the Mayor on his presentation to the University of Tennessee Board of Trustees regarding the Kingsport Higher Education Center (KHEC).

B. MAYOR AND BOARD MEMBERS. In a side note to the City Manager's comments about the positive comments made about the Higher Education Center, Alderman Marsh mentioned the decline of education levels of those entering today's work force which support the need for an education center such as KHEC.

Alderman Shupe encouraged and invited all to attend a celebration of Johnson City Mayor Phil Roe as the district's newly elected congressman and stated that he looks forward to the City having a great relationship with Congressman-elect Roe.

Alderman Shull said many are mourning the passing of long-time educator and coach, Tom Coughenour. Coach Coughenour taught and coached many at Robinson Middle School and Dobyys-Bennett High School. On a brighter note, Alderman Shull referenced the current success of DBHS athletics in cross county, soccer, volleyball and football.

Vice-Mayor Mallicote amplified Alderman Shull's sentiments about Coach Coughenour, describing the coach as one who touched many students and athletes during his tenure and a man who will be sorely missed.

Mayor Phillips recognized the honor bestowed on local homebuilder, Dave Stauffer, who was recently inducted into the Homebuilders Hall of Fall in Knoxville.

C. VISITORS. None.

IX. ADJOURN. Seeing no other business for consideration at this meeting, Mayor Phillips adjourned the meeting at 8:45 p.m.

ELIZABETH A. GILBERT
Deputy City Recorder

DENNIS R. PHILLIPS
Mayor



AGENDA ACTION FORM

Consideration of an Ordinance Amending the FY 2008-2009 General Purpose School Fund Budget

To: Board of Mayor and Aldermen
 From: John G. Campbell., City Manager

Agenda Form No.: AF -350-2008
 Work Session: November 17, 2008
 First Reading: November 18, 2008

Final Adoption: December 2, 2008
 Staff Work: David Frye
 Presentation: David Frye

BMA Strategic Plan 2005-2006

(CV=Core Value, KSF=Key Success Factor, KSO = Key Strategic Objective)

KSF #5: Stewardship of Public Funds
KSF # 6: Strong Public Education System

Recommendation:

Approve an Ordinance.

Executive Summary:

On November 6, 2008, the Board of Education approved budget amendment number three to the FY 2009 budget. This amendment increases the estimated revenues and appropriations in the net amount of \$378,774. \$200,000 of these funds are being appropriated from the General Purpose School Fund-Unreserved Fund Balance. These funds will be used to purchase property located on Overlook Rd. This will bring the fund balance to approximately \$2,250,000, which is 3.8% of the operating budget. An amount of \$172,474 is being appropriated from State funds for the State teacher bonus. An additional \$6,300 is being appropriated from After-School Fees and a grant that has been received from Eastman.

Attachments:

1. Ordinance
2. BOE Budget Amendment Number Three

	<u>Y</u>	<u>N</u>	<u>O</u>
Joh	—	—	—
Mallicote	—	—	—
Marsh	—	—	—
Munsey	—	—	—
Shull	—	—	—
Shupe	—	—	—
Phillips	—	—	—

PRE-FILED CITY RECORDER

ORDINANCE NO. ****

AN ORDINANCE TO AMEND THE GENERAL PURPOSE
SCHOOL FUND AND THE GENERAL PROJECT FUND
BUDGETS; AND, TO FIX THE EFFECTIVE DATE OF THIS
ORDINANCE

BE IT ORDAINED BY THE CITY OF KINGSPORT, as follows:

SECTION I. That the General Purpose School Fund budget be amended to ratify the Kingsport Board of Education approval of FY 2009 Budget Amendment Number Three to increase the estimated revenue for Fund Balance Appropriations by \$200,000; the estimated revenue for Other State Education Funds by \$172,474; the estimated revenue for Johnson After-School Fess by \$5,000; the estimated revenue for Other Local Revenue by \$1,300 and to increase the appropriations for Teacher Salaries and Benefits by \$172,474; the appropriation for Curriculum/Instruction-Inst Supplies by \$1,300; the appropriation for Johnson After-School Equipment by \$5,000; the appropriation for Fund Transfers by \$200,000 and to transfer \$3,000 from Roosevelt Instructional Equipment to Non-Instructional Equipment. In addition the General Project Fund budget will be amended by increasing the estimated revenues for Transfers from the School Fund by \$200,000 and by increasing the appropriations for the Overlook Road Property Purchase project (GP0811) by \$200,000

<u>Account Number/Description:</u>	<u>Budget</u>	<u>Incr/<Decr></u>	<u>New Budget</u>
Fund 141: School Fund			
<u>Revenues:</u>	\$	\$	\$
141-0000-338-6590 Other State Ed Funds	2,000	172,474	174,474
141-0000-349-3587 Johnson SACC Fees	56,400	5,000	61,400
141-0000-369-4990 Other Local Revenue	115,000	1,300	116,300
141-0000-392-0100 Fund Balance Appr.	420,000	200,000	620,000
Totals:	593,400	378,774	972,174

<u>Account Number/Description:</u>	<u>Budget</u>	<u>Incr/<Decr></u>	<u>New Budget</u>
<u>Expenditures:</u>	\$	\$	\$
141-7116-711-0722 Roosevelt-Inst. Equipment	5,837	(3,000)	2,837
141-7150-711-0116 Reg. Inst.-Teacher Salaries	18,554,847	151,200	18,706,047
141-7150-711-0201 Reg. Inst.-Social Security	1,235,150	9,375	1,244,525
141-7150-711-0204 Reg. Inst.-Retirement	1,395,850	9,707	1,405,557
141-7150-711-0212 Reg. Inst.-Medicare	288,750	2,192	290,942
141-7154-711-0429 Curr./Inst.-Inst. Supplies	121,735	1,300	123,035
141-7325-861-0790 Johnson SACC-Equipment	3,000	5,000	8,000
141-7616-871-0790 Roosevelt-Non-Inst. Equip.	4,375	3,000	7,375
141-7950-881-0590 Transfers to Other Funds	304,700	200,000	504,700
Totals:	21,914,244	378,774	22,293,018

Fund 311: General Project Fund

Revenues:	\$	\$	\$
<u>GP0811 Overlook Road Property Purchase Project</u>			
311-0000-391-2100 Transfer From School Fund	115,000	200,000	315,000
Totals:	115,000	200,000	315,000

Expenditures:	\$	\$	\$
<u>GP0811 Overlook Road Property Purchase Project</u>			
311-0000-601-9001 Capital Outlay – Land	115,000	200,000	315,000
Totals:	115,000	200,000	315,000

SECTION II. That this Ordinance shall take effect from and after its date of passage, as the law direct, the welfare of the City of Kingsport, Tennessee requiring it.

DENNIS PHILLIPS, Mayor

ATTEST:

APPROVED AS TO FORM:

JAMES H. DEMMING, City Recorder

J. MICHAEL BILLINGSLEY, City Attorney

PASSED ON 1ST READING: November 18, 2008

PASSED ON 2ND READING: December 2, 2008

November 6, 2008

**KINGSPORT CITY SCHOOLS
FISCAL YEAR 2008-2009
BUDGET AMENDMENT NUMBER THREE**

GENERAL PURPOSE SCHOOL FUND

ITEM ONE: OVERLOOK ROAD PROPERTY PURCHASE

If the Board of Education and the Board of Mayor and Aldermen approve the offer to purchase the properties located on D Street and Overlook Road, there will need to be an appropriation to fund the purchase. There is currently an account established for Overlook Road property purchase. There is currently a balance of \$24,500 in this account. The purchase price for these properties is \$204,000. It is recommended that the estimated revenue for Fund Balance Appropriations be increased by \$200,000 and that the appropriation for Fund Transfers be increased by \$200,000. This will bring the balance in the Overlook Road property purchase account to \$224,500. This amount of funding will cover the costs of 2 vacant lots on Overlook Road that we are also interested in purchasing. The Fund Balance account currently has a balance of \$2,450,000. This will bring the balance to \$2,250,000, which is 3.8 % of the FY 2009 operating budget.

ITEM TWO: STATE TEACHER BONUS

The State approved budget included funds for a 1% teacher bonus. Since this was added to the budget at the last minute these funds were not included in the approved Kingsport City Schools budget. The amount of the bonus was \$288.77 for each teacher. It is recommended that the estimate for Other State Education Funds be increased by \$172,474 and that the appropriations for teacher salary and benefits be increased by \$172,474.

ITEM THREE: EASTMAN MATHLETE GRANT

Pam Stidham, Math Coordinator, received a grant from Eastman Chemical to be used to purchase supplies for the math program. It is recommended that the estimate for Other Local Revenue be increased by \$1,300 and that the appropriation for Instructional Supplies be increased by \$1,300.

ITEM FOUR: JOHNSON AFTER-SCHOOL PROGRAM:

It is projected that the Johnson School-Age Child Care program will generate \$5,000 more in revenue than was originally estimated. They have requested to use these funds to buy computers for the after-school program. It is recommended the estimate for Johnson After-School Fees be increased by \$5,000 and the appropriation for Other Equipment be increased by \$5,000.

ITEM FIVE: ROOSEVELT TRANSFER

Roosevelt has been approved for e-rate funding for the installation of a wireless network. The total cost of the project is \$30,000. Roosevelt will be responsible for 10% of the cost or \$3,000 and the remainder will be paid directly with e-rate funds. Roosevelt does not have sufficient funds in their Non-Instructional Equipment account and has requested that \$3,000 be transferred from their Instructional Equipment account. It is recommended that this transfer be approved.

**EFFECTS ON INDIVIDUAL ACCOUNT NUMBERS
GENERAL PURPOSE SCHOOL FUND**

REVENUES:

<u>Account Number</u>	<u>Description</u>	<u>Amount</u>
141-0000-338-6590	Other State Education Funds	\$ 172,474
141-0000-349-3587	Johnson After-School Fees	5,000
141-0000-369-4990	Other Local Revenue	1,300
141-0000-391-0100	Fund Balance Appropriations	<u>200,000</u>
Total Change in Estimated Revenue		<u>\$ 378,774</u>

EXPENDITURES:

<u>Account Number</u>	<u>Description</u>	<u>Amount</u>
141-7116-711-0722	Roosevelt – Inst. Equipment	\$ (3,000)
141-7150-711-0116	Reg. Inst. – Teacher Salaries	151,200
141-7150-711-0201	Reg. Inst. – Social Security	9,375
141-7150-711-0204	Reg. Inst. – State Retirement	9,707
141-7150-711-0212	Reg. Inst. – Medicare	2,192
141-7154-711-0429	C & I – Instructional Supplies	1,300
141-7325-861-0790	Johnson After-School – Equipment	5,000
141-7616-871-0790	Roosevelt – Non-Instructional Equipment	3,000
141-7950-881-0590	Fund Transfers	<u>200,000</u>
Total Change in Budgeted Expenditures		<u>\$ 378,774</u>

Scale
1" = 126.9 feet



Jefferson Elementary School

1 in. = 126.9 feet



AGENDA ACTION FORM

Consideration of an Ordinance to Amend the Culture Arts Division Budget in the General Fund by Appropriating Funds Received From the Tennessee Arts Commission Arts Build Community Grant to Support the Art Night/City Lights Performing Arts Series

To: Board of Mayor and Aldermen
 From: John Campbell, City Manager

Action Form No.: AF-359-2008
 Work Session: November 17, 2008
 First Reading: November 18, 2008

Final Adoption: December 2, 2008
 Staff Work By: M.Beverly/J.
 Smith/M.Baker/B. MacDonald
 Presentation By: Martha Beverly

Recommendation:

Approve the ordinance

Executive Summary:

The Culture Arts Division received an Arts Build Community grant from the Tennessee Arts Commission for the Art Nights/City Lights Series in the amount of \$2,100. These grants are a 1:1 match. The matching funds are provided in the Culture Arts Division operating budget through staff's salary.

Attachments:

- Budget Ordinance

	<u>Y</u>	<u>N</u>	<u>O</u>
Joh	—	—	—
Mallicote	—	—	—
Marsh	—	—	—
Munsey	—	—	—
Shull	—	—	—
Shupe	—	—	—
Phillips	—	—	—

**PRE-FILED
CITY RECORDER**

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE CULTURE ARTS DIVISION IN THE GENERAL FUND BUDGET BY APPROPRIATING FUNDS RECEIVED FROM THE TENNESSEE ARTS COMMISSION FOR THE FISCAL YEAR ENDING JUNE 30, 2009; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

BE IT ORDAINED BY THE CITY OF KINGSPORT, as follows:

SECTION I. That the Cultural Arts Division in the General Fund budget be amended by appropriating grant funds received from the Tennessee Arts Commission Arts Builds Community grant for the Art Nights/City Lights Performing Arts Series in the amount of \$2,100. This grant is a 1:1 match which is provided for through the Cultural Arts operating budget in staff's salary.

<u>Account Number/Description:</u>	<u>Budget</u>	<u>Incr/<Decr></u>	<u>New Budget</u>
Fund 110: General Fund			
Revenues:			
110-0000-332-3200 TN Arts Commission	\$ 6,000	\$ 2,100	\$ 8,100
Totals:	6,000	2,100	8,100
Expenditures:			
110-4505-471-2010 Advertising & Publication	\$ 4,300	\$ 2,100	\$ 6,400
Totals:	4,300	2,100	6,400

SECTION II. That this Ordinance shall take effect from and after its date of passage, as the law direct, the welfare of the City of Kingsport, Tennessee requiring it.

DENNIS R. PHILLIPS, Mayor

ATTEST:

APPROVED AS TO FORM:

JAMES H. DEMMING
City Recorder

J. MICHAEL BILLINGSLEY, City Attorney

PASSED ON 1ST READING: _____

PASSED ON 2ND READING: _____



AGENDA ACTION FORM

Consideration of an Ordinance to Amend the General Project-Special Revenue Funds by Appropriating Grant Funds Received From the Federal Emergency Management Agency (FEMA) and the Department of Homeland Security

To: Board of Mayor and Aldermen
 From: John Campbell, City Manager

Action Form No.: AF-360-2008
 Work Session: November 17, 2008
 First Reading: November 18, 2008

Final Adoption: December 2, 2008
 Staff Work By: S. Boyd/J.
 Smith/M.Baker/Chief Dye
 Presentation By: Chief Dye

Recommendation:

Approve the ordinance

Executive Summary:

The Fire Department received a grant from the Federal Emergency Management Agency (FEMA) in the amount of \$67,500 to purchase mobile data units. This grant requires a ten percent match of \$7,500. The matching funds will be transferred from the Fire Department Equipment project (GP0708).

Attachments:

- Budget Ordinance

	<u>Y</u>	<u>N</u>	<u>O</u>
Joh	—	—	—
Mallicote	—	—	—
Marsh	—	—	—
Munsey	—	—	—
Shull	—	—	—
Shupe	—	—	—
Phillips	—	—	—

PRE-FILED CITY RECORDER

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE GENERAL PROJECT AND GENERAL PROJECTS-SPECIAL REVENUE FUND BUDGETS BY APPROPRIATING FUNDS RECEIVED FROM THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) AND BY TRANSFERRING FUNDS FROM THE FIRE DEPARTMENT EQUIPMENT BUDGET (GP0708) TO ESTABLISH THE FEMA FIRE EQUIPMENT PROJECT (NC 0904); AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

BE IT ORDAINED BY THE CITY OF KINGSPORT, as follows:

SECTION I. That the General Project-Special Revenue Fund budget be amended by appropriating grant funds received from the Federal Emergency Management Agency (FEMA) in the amount of \$67,500; and that the General Project Fund budget be amended by transferring funds from the Fire Department Equipment project (GP0708) in the amount of \$7,500 to establish the FEMA Fire Department Equipment Project (NC0904) to purchase mobile data units for the fire department. The grant requires a ten percent match. The total project is \$75,000.

<u>Account Number/Description:</u>	<u>Budget</u>	<u>Incr/<Decr></u>	<u>New Budget</u>
Fund 311: General Project Fund			
Fire Department Equipment (GP0708)			
Revenues:			
311-0000-391-0100 From the General Fund	\$ 468,750	\$ (7,500)	\$ 461,250
Totals:	468,750	(7,500)	461,250
Expenditures:			
311-0000-601-9004 Equipment	\$ 227,435	\$ (7,500)	\$ 219,935
311-0000-601-9006 Purchases Over 5,000	241,315	0	241,315
Totals:	468,750	(7,500)	461,250
Fund 311: General Project Fund			
FEMA Fire Equipment Project (NC0904)			
Revenues:			
111-0000-331-3104 FEMA-FED Emer. Mangmt	0	67,500	67,500
111-0000-391-0100 From the General Fund	0	7,500	7,500
Totals:	0	75,000	75,000

Expenditures:	\$	\$	\$	
111-0000-601-2020 Professional Consultant		0	3,000	3,000
111-0000-601-9004 Equipment		0	72,000	72,000
Totals:		0	75,000	75,000

SECTION II. That this Ordinance shall take effect from and after its date of passage, as the law direct, the welfare of the City of Kingsport, Tennessee requiring it.

ATTEST: _____ DENNIS R. PHILLIPS, Mayor

APPROVED AS TO FORM:

 JAMES H. DEMMING
 City Recorder

 J. MICHAEL BILLINGSLEY, City Attorney

PASSED ON 1ST READING: _____

PASSED ON 2ND READING: _____



AGENDA ACTION FORM

Consideration of a Resolution to Authorize the Mayor to Execute all Documents Necessary for Amendments to the Kingsport Higher Education Center Architect's Agreement with McCarty Holsaple McCarty Architects, Inc. And Consideration of a Budget Ordinance to Appropriate the Grant Funds Received from the Economic Development Administration and the Appalachian Regional Commission

To: Board of Mayor and Aldermen
From: John G. Campbell, City Manager

Action Form No.: AF-357-2008
Work Session: November 17, 2008
First Reading: November 18, 2008
Final Adoption: November 18, 2008
Staff Work By: D. Mason/M. Baker
Presentation By: Campbell

Recommendation: Approve the resolution and the ordinance.

Executive Summary:

The City has been awarded additional grant funding from the Economic Development Administration in the amount of \$350,000 and from the Appalachian Regional Commission in the amount of \$50,000 to provide additional "Green" components for the Kingsport Center for Higher Education.

Additional design services are required from the Architect in order to evaluate and include additional components that will enhance the projects compliance with the USGBC's Leadership in Energy Efficient Design (LEED) standards.

The costs for these additional design services will paid on an hourly basis with a maximum not to exceed amount of \$55,407 and will be reimbursed from the proceeds of these additional grants. The remaining grant funds will be used for the installation of the additional components.

Attachments:

- 1. Resolution
2. Supplemental Agreement No. 3
3. Ordinance

Funding source appropriate and funds are available: _____

Table with 3 columns: Y, N, O and rows for board members: Joh, Mallicote, Marsh, Munsey, Shull, Shupe, Phillips.

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE SUPPLEMENTAL AGREEMENT NO. 3 TO THE OCTOBER 7, 2007 AGREEMENT WITH MCCARTY HOLSAPLE MCARTY ARCHITECTS, INC. FOR DESIGN SERVICES RELATED TO THE KINGSPORT HIGHER EDUCATION CENTER AND ALL OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE AGREEMENT

WHEREAS, the city and McCarty Holsaple McCarty Architects, Inc. (ARCHITECT) entered into a contract on October 7, 2007, to acquire professional design services for the new Kingsport Higher Education Center; and

WHEREAS, the city has been awarded additional grant funding from the Economic Development Administration in the amount of \$350,000; and

WHEREAS, the city has been awarded additional grant funding from the Appalachian Regional Commission in the amount of \$50,000; and

WHEREAS, these grant funds were provided for the purpose of increasing the LEED related components included in the project; and

WHEREAS, additional design services will be required from the ARCHITECT to include these components in the project; and

WHEREAS, the additional design services, in an amount not to exceed \$55,407, will be funded with proceeds from the additional grant funds;

Now therefore,

BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN as follows:

SECTION I. That the Mayor, or in his absence, incapacity, or failure to act, the Vice-Mayor, is authorized to execute, in a form approved by the City Attorney and subject to the requirements of Article X, Chapter 10 of the Charter of the City of Kingsport, Supplemental Agreement No. 3 modifying the October 7, 2007 architect's agreement with McCarty Holsaple McCarty for the Kingsport Higher Education Center to include additional LEED related design services for a total amount not to exceed \$55,407.

SECTION II. That this resolution shall take effect immediately upon its adoption, the public welfare requiring it.

ADOPTED this the 18th day of November, 2008.

DENNIS R. PHILLIPS, MAYOR

ATTEST:

JAMES H. DEMMING, CITY RECORDER

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, CITY ATTORNEY

**AGREEMENT BETWEEN OWNER AND ARCHITECT
SUPPLEMENTAL AGREEMENT NO. 3**

THE KINGSPORT HIGHER EDUCATION CENTER

SUPPLEMENTAL AGREEMENT made and entered into this ____ day of _____, 2008, by and between the City of Kingsport, hereinafter referred to as "Owner" and McCarty Holsaple McCarty Architects, Inc., hereinafter referred to as the "Architect".

WITNESSETH THAT:

WHEREAS, the Owner and the Architect entered into a contract on October 7, 2007, to acquire professional design services for the new Kingsport Higher Education Center; and

WHEREAS, the Owner and the Architect have previously executed Supplemental Agreements Nos. 1 and 2 to the contract; and

WHEREAS, the Owner wishes to modify the agreement to include additional LEED related design and services; and

NOW THEREFORE, it is hereby agreed between the parties hereto that the contract of October 7, 2007 be modified as follows:

SCOPE OF SERVICES

The scope of the project is hereby amended as shown on the attached Exhibits:

Exhibit A – Correspondence dated November 4, 2008 detailing additional services for LEED items relative to additional EDA and ARC grant funding.

COMPENSATION

Section 1.5 of the Agreement is hereby modified as follows:

Add the following to Section 1.5.3:

§ 1.5.3.2 Additional Services relative to increased LEED scope of work funded by additional EDA and ARC grants awarded to the OWNER:

1. A/E services for the additional EDA grant scope of work in an amount not to exceed **\$44,731.00**
2. A/E services for the additional ARC grant scope of work in an amount not to exceed **\$3,100.00**

3. Additional LEED Consulting services for additional credits in an amount not to exceed **\$5,560.00**
4. Special Services related to revising the energy model in an amount not to exceed **\$2,016.00**

ORIGINAL CONTRACT

All requirements of the aforesaid contract of October 2, 2007, except as specifically modified by this Supplemental Agreement No. 2, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused these present to be executed by their respective officers duly authorized as of the day and year first above written.

OWNER:
CITY OF KINGSPORT

ARCHITECT:
McCARTY HOLDSAPLE McCARTY

Dennis R. Phillips
Mayor

Douglas H. McCarty, AIA
President

ATTEST:

City Recorder

APPROVED AS TO FORM:

City Attorney

(Executed in Duplicate Originals)

McCARTY
HOLSAPLE
McCARTY

MHM

ARCHITECTS
& INTERIOR
DESIGNERS

550 W. MAIN STREET
SUITE 300
KNOXVILLE, TN 37902
(865) 544-2000
FAX (865) 544-0402
WWW.MHMINC.COM

November 4, 2008

David Mason, Project Manager
City of Kingsport
225 West Center Street
Kingsport Tennessee 37660-4237

KINGSPORT CENTER for HIGHER EDUCATION
PROPOSAL FOR ADDITIONAL SERVICES
LEED ITEMS RELATIVE TO ADDITIONAL EDA AND ARC GRANT

Dear David,

MHM is pleased to provide the following proposal for additional services to prepare and modify the construction documents and to provide LEED Administration necessary to secure the additional grants from EDA and ARC. Since the scope of this work cannot be completely defined at this time, the following costs proposal is made as a maximum cost. The actual cost will be billed at the hourly rate in our Contract.

The supplementary EDA grant for additional sustainable features for the building will allow the KCHE a higher level of sustainability and make the project a stronger example to the community. We have evaluated the current construction budget and LEED credit requirements and feel that, with these funds, additional LEED credits can be achieved. Refer to 'Attachment A' of this letter for the scope of this work and the potential LEED credits that can be achieved.

The ARC grant will provide funds for education and awareness of the sustainable features incorporated into the design of the building and the site. This will allow the project to earn one LEED innovation credit. The work is outlined in Attachment B of this letter.

For the work described in Attachments A and B above MHM and our consultants propose the following services:

• Architectural / Engineering services for the additional EDA grant (Attachment A)	\$44,731
• Architectural / Engineering services for ARC funding (Attachment B)	\$3,100
• Additional LEED consulting services for additional credits	\$5,560
• <u>Special Services as relate to the revising energy modeling</u>	\$2,016
Total Fees not to exceed	\$55,407

J. A. Street plans on having the roof in place by the end of November. In order to provide them with information for structural changes necessary for the photovoltaic panels, we need to provide this information to the Contractor by November 13, 2008.

If you are in agreement with this proposal, please have the appropriate City of Kingsport representative sign below and return a copy for our records.

Sincerely,


Doug McCarty, AIA
Principal-In-Charge

DIRECTORS

DOUGLAS McCARTY, AIA
JEFFREY D. JOHNSON, AIA
DAVID COLLINS, AIA

FOUNDER

BRUCE McCARTY, FAIA

SENIOR ASSOCIATES

STUART L. BUTCHER, AIA
JOHN W. GADDIS, R.A.
JOHN HOCKENSMITH
BOB PIERCY, R.A.
SCOTT A. WEBB, AIA

ASSOCIATES

BARBARA TALLENT BACH, IIDA
HEATHER DAVIS
DON W. HORTON, R.A., LAP

Authorized by:

Date:

cc Scott Webb

Don Horton

Li Wang

Warren Ince

Heather Davis

File: 07023/1.1

KINGSPORT CENTER for HIGHER EDUCATION
PROPOSAL FOR ADDITIONAL SERVICES
LEED ITEMS RELATIVE TO ADDITIONAL EDA AND ARC GRANT

ATTACHMENT 'A'

The following is a list of proposed extra costs that will assist in achieving additional LEED Credits. These costs will utilize the additional \$350,000 in EDA funds:

1. Solar Photovoltaic Roof array:

Install a roof mounted south facing photovoltaic system that would cover approximately 2,000 sf of roof area and be located on the south and east areas of roof. Major system components will be:

- Preliminary calculations indicate a 21 to 24 kW system will be needed.
- The inverters to convert the DC voltage to AC should be located in a weather proof cabinet on the roof to save floor space.
- The switch gear will have to be modified to accept the power from the PV array.

This could earn 1 EA_{c2} point and possibly an additional EA_{c1} point.

A performance specification will be prepared and issued for bids of a complete system. The A/E team will provide the necessary engineering and coordination to determine the feasibility of the system and define the specification requirements.

Related Maximum Fees (based on hourly rates):

MHM	\$3,000
ESG	\$14,400
BLS	\$2,280
Total	\$19,680

2. Water harvesting:

Install tanks to receive roof drainage. Harvested water could be used for onsite landscaping or future irrigation of proposed green space near Allied Medical.

- Collect rain water from roof drainage system and redirect to below grade reservoirs.
- Locate a water storage tank with related pumps and piping below grade in the vegetated area between Market and the west parking area.

This may allow achievement of SS_{c6.2} with out the Water Quality Unit and will allow irrigation of plants and maintain WE_{c1.1} and WE_{c1.2}.

A performance specification will be prepared to define the system parameters and drawings will be modified to establish the location of the system and pipe sizes and inverts. Information is to be provided to the bidders for the installation. The scope of work for the A/E team may include:

- Modify drawings to redirect drainage to tanks and overflow drainage to storm drains.
- Size tanks for irrigation purposes, but since there is no irrigation in the project it should not be necessary.
- Size pumps, irrigation piping and overflow piping to drain to catch basins.
- Size and show electrical for pumps and spec pumps.

KINGSPORT CENTER for HIGHER EDUCATION
 PROPOSAL FOR ADDITIONAL SERVICES
 LEED ITEMS RELATIVE TO ADDITIONAL EDA AND ARC GRANT

Related Maximum Fees (based on hourly rates):

MHM	\$1,045
WS	\$3,398
ESG	\$630
Total	\$5,073

3. Heat Island Effect (non-roof)

To achieve this credit an average Solar Reflectance Index of all non-pervious surfaces must be a minimum of 29. It is anticipated that the amount of paved surfaces will not be changed, but the type or color of the material will be changed to meet this requirement:

- Existing asphalt paving is to be removed from the existing asphalt parking area per the Contract Documents.
- In place of asphalt paving install concrete paving in drive lanes of the parking lot with a SRI > 29
- In place of asphalt paving install pervious paving in all parking stall areas of the parking lot.

These can possibly earn SSc7.1 and SSc6.1

The A/E team will analyze the planned impervious surfaces and determine the appropriate changes needed to meet this credit. A directive will be issued to the Contractor to make the necessary changes.

MHM	\$760
WS	\$2,928
KW	\$600
Total	\$4,288

4. Measurement and Verification:

To achieve this credit additional monitoring points to be read by the building automation system to compare actual building performance with modeled performance.

- The energy model will have to be re-run with new parameters to show data for comparing with the actual energy usage.
- Energy usage will have to be tracked for one year.
- Additional metering and sub-metering may be required.

MHM	\$570
ESG	\$15,120
Total	\$15,690

KINGSPORT CENTER for HIGHER EDUCATION
PROPOSAL FOR ADDITIONAL SERVICES
LEED ITEMS RELATIVE TO ADDITIONAL EDA AND ARC GRANT

ATTACHMENT 'B'

The following is a list of proposed extra costs that will assist in achieving additional LEED Credits. These costs will utilize the additional \$50,000 in EDA funds:

1. Innovation in Design: Building Energy Usage Display

As an innovation credit for education of building users a graphical display kiosk will be installed that will show real time displays of the energy and water resources being consumed by the building and sustainable features of the building.

- Additional metering inputs to the Building Automation System may be required.
- Lobby design modifications will be required to incorporate the graphic display.

An **ID** credit can be achieved for public education.

MHM	\$1,900
ESG	\$1,200
Total	\$3,100

PRE-FILED CITY RECORDER

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE GENERAL PROJECT FUND BUDGET BY APPROPRIATING GRANT FUNDS RECEIVED FROM THE U.S. DEPARTMENT OF COMMERCE ECONOMIC DEVELOPMENT ADMINISTRATION AND FROM THE APPALACHIAN REGIONAL COMMISSION FOR CONSTRUCTION OF THE KINGSPORT CENTER FOR HIGHER EDUCATION; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

BE IT ORDAINED BY THE CITY OF KINGSPORT, as follows:

SECTION I. That the General Project Fund budget be amended by appropriating additional grant funds received from the U.S. Department of Commerce Economic Development Administration in the amount of \$350,000 and grant funds from the Appalachian Regional Commission in the amount of \$50,000 to provide additional "Green" components for construction to the Higher Education Center Project (GP0726).

<u>Account Number/Description:</u>	<u>Budget</u>	<u>Incr/<Decr></u>	<u>New Budget</u>
Fund 311: General Project Fund			
Higher Education Center (GP0726)			
Revenues:			
	\$	\$	\$
311-0000-331-3200 Federal Revenue/ARC	0	50,000	50,000
311-0000-331-3401 EDA Grant/Public Investment	1,500,000	350,000	1,850,000
311-0000-364-2000 From Corporations	10,000	0	10,000
311-0000-368-1031 G.O. Pub. Improv. Series 2007	700,000	0	700,000
311-0000-368-1034 Bond Proceeds/Series 2008 B.G.O.	10,901,100	0	10,901,100
311-0000-391-0100 From General Fund	1,486,922	0	1,486,922
Totals:	14,598,022	400,000	14,998,022
Expenditures:			
	\$	\$	\$
311-0000-601-1010 Salaries	605	0	605
311-0000-601-1020 Social Security	43	0	43
311-0000-601-1030 Health Ins	91	0	91
311-0000-601-1040 Retirement	101	0	101
311-0000-601-1050 Life Ins	5	0	5
311-0000-601-1052 Long Term Disability	4	0	4
311-0000-601-1060 Workmen's Comp	22	0	22
311-0000-601-2022 Construction Contracts	43,226	3,762	46,988
311-0000-601-2023 Arch/Eng/Landscaping	1,135,489	0	1,135,489
311-0000-601-2097 State Reviews & Permits	50	0	50
311-0000-601-4041 Bond Sale Expense	163,708	0	163,708
311-0000-601-9001 Land	1,418,533	0	1,418,533

311-0000-601-9002 Buildings	10,336,145	(3,762)	10,332,383
311-0000-601-9003 Improvements	822,550	0	822,550
311-0000-601-9012 LEED Green Building	677,450	400,000	1,077,450
Totals:	14,598,022	400,000	14,998,022

SECTION II. That this Ordinance shall take effect from and after its date of passage, as the law direct, the welfare of the City of Kingsport, Tennessee requiring it.

DENNIS R. PHILLIPS, Mayor

ATTEST:

APPROVED AS TO FORM:

JAMES H. DEMMING
City Recorder

J. MICHAEL BILLINGSLEY, City Attorney

PASSED ON 1ST READING: _____

PASSED ON 2ND READING: _____



AGENDA ACTION FORM

Consideration of An Ordinance to Update the City of Kingsport Travel Policy and Address Use of Travel Cards

To: Board of Mayor and Aldermen
 From: John G. Campbell, City Manager

Action Form No.: AF-366-2008
 Work Session: November 17, 2008
 First Reading: November 18, 2008

Final Adoption: December 2, 2008
 Staff Work By: Demming/Winkle
 Presentation By: Jim Demming

BMA Strategic Plan 2005-2006

(CV=Core Value, KSF=Key Success Factor, KSO=Key Strategic Objective)

CV # 2: Integrity

KSF # 4: Stewardship of the Public Funds

KSO # 6: Maintain Excellence in Financial Management

Recommendation:

Approve the ordinance to update the City's Travel Policy and address use of travel cards.

Executive Summary:

Attached, for Board of Mayor and Aldermen consideration, is a proposed ordinance that makes certain changes to the City's current travel policy. These proposed changes primarily address issues related to the implementation of a new travel credit card program for City Departments. In addition, several housekeeping issues are included that address new IRS per diem rates and items recommended previously by the travel policy committee.

The City began a pilot travel card program in June 2006. The program consisted of 2 travel cards maintained by the City Manager's office that were used by other Departments as needed. As part of the new program, staff has obtained additional travel cards that will be issued to each Department Head for use in their respective Department. These cards will reduce the need for travel advances as well as enable the Departments to process their event registrations, travel and lodging reservation and payment of travel related expenses in a more convenient and efficient manner.

The changes to the existing policy have been highlighted for your convenience

Attachments:

1. Ordinance

Funding source appropriate and funds are available: _____

	Y	N	O
Joh	—	—	—
Mallicote	—	—	—
Marsh	—	—	—
Munsey	—	—	—
Shull	—	—	—
Shupe	—	—	—
Phillips	—	—	—

ORDINANCE NO.

AN ORDINANCE TO ADOPT A REVISED
POLICY FOR TRAVEL BY CITY EMPLOYEES
ENGAGED IN CITY BUSINESS; AND TO FIX
THE EFFECTIVE DATE OF THIS ORDINANCE.

BE IT ORDAINED BY THE CITY OF KINGSPORT, TENNESSEE, AS FOLLOWS:

WHEREAS, Ordinance Number 4815, City of Kingsport, Tennessee, established a policy for travel by City employees engaged in City business; and

WHEREAS, it is deemed prudent and beneficial to revise said policy to clarify travel reimbursement provisions and entitlements applicable to City employees engaged in City business; and

WHEREAS, it is necessary to publish the revised policy. Now therefore,

BE IT ORDAINED BY THE CITY OF KINGSPORT, TENNESSEE, AS FOLLOWS:

SECTION I. That the City of Kingsport, a Municipal Corporation of the State of Tennessee, hereby adopts a revised policy for travel by City employees engaged in City business and that said revised policy supersedes all previously established policies.

SECTION II. That the City of Kingsport policy for travel by City employees engaged in City business shall read as follows:

City of Kingsport
Policy for Travel by City Employees Engaged in City Business

PURPOSE

Out of town travel shall only be incurred where there is a direct benefit to the City. The purpose of this document is to establish a policy for travel by City employees and/or officials. It is the intent of this policy that employees not suffer additional cost as a result of travel incurred to carry out assigned duties. Employees shall be reimbursed for such expenses subject to the limitations provided in this travel policy. When traveling, city employees should be as conservative as circumstances permit.

A. TRAVEL REQUESTS

To ensure reimbursement for official travel, an approved travel authorization form is required, however, emergency travel can be authorized by the department head without obtaining a pre-approved travel authorization form. Lack of pre-approval does not prohibit reimbursement, but it does assure reimbursement within the limits of the City travel policy. All costs associated with the travel should be reasonably estimated and **shown** on the travel authorization form. An approved authorization form is needed before advanced expenses are paid or travel advances are authorized. It is recommended that the department/division head of non-exempt employees who are required to travel should first contact the Personnel office for FLSA compliance during travel. Travel advances will not be granted for amounts less than \$100.00 unless special circumstances apply as determined by the department heads discretion. A copy of the conference program, if applicable, should be attached to the form. If the program is not available before the travel, submit it with the Statement of Expense Claims form. Department heads are responsible for approving and managing travel expenses for their departments. Where several employees travel together as a group, each employee must submit a separate travel authorization form.

B. TRAVEL DOCUMENTATION

It is the responsibility of the division/department head to insure that the authorized traveler does the following:

1. Prepare the Statement of Expense Claims form and to accurately describe the travel.
2. Certify the accuracy of the Statement of Expense Claims form.
3. Note on the Statement of Expense Claims form all direct payments, travel advances made by the City, and/or any other outside agency or organization.
4. Submit the Statement of Expense Claims form with the necessary supporting documents and original receipts.
5. Submit receipts for all claimed expenses in excess of \$5.00, except as provided for otherwise in this policy.

The Statement of Expense Claims form must be submitted to the Finance Department within 10 working days of return. No additional travel authorization requests will be approved or advances issued until all outstanding travel Statement of Expense Claims have been submitted.

C. TRANSPORTATION

All potential costs should be considered when selecting a mode of transportation. For example, airline travel may cost less than an automobile when time away from work and additional meal and lodging costs are considered. When time is important, or when automobile travel time is substantial, other modes of transportation are not cost-beneficial and air travel is encouraged.

The traveler will be required to take annual leave for any additional time taken beyond the day before and the day after the meeting dates.

Exceptions: When the traveler extends the trip with personal time to take advantage of discount fares, the reimbursement will be limited to the lesser of:

- (1) The actual expenses incurred; or
- (2) The amount that would have been incurred for the business portion only.

The calculations for the business portion of the trip must be made using the least expensive rates available. All expenses and savings associated with extending the trip must be submitted with the Statement of Expense Claims form.

1. **Air.** When possible, the traveler should make full use of discounts for advance airline reservations and advance registration. The City will pay for tourist or economy class air travel. The traveler should obtain the lowest reasonable fare and take advantage of "Super Saver" or other discount fares. Direct billing through the City can pay airline travel. Mileage credits for frequent flyer programs accrue to the individual traveler. However, the City will not reimburse for additional expenses - such as circuitous routing, extended stays, layovers to schedule a particular carrier, upgrading from economy to first class - for travelers to accumulate additional mileage or for other personal reasons. The City will not reimburse travel by private aircraft unless authorized in advance by the City Manager.

2. **Rail or Bus.** The City will pay for actual cost of ticket.

3. **Vehicles.** Automobile transportation may be used when a common carrier can not be scheduled, when it is more economical, when a common carrier is not practical, or when expenses can be reduced by two or more city employees traveling together.

a. **Private Vehicle.** Employees should use City vehicles when possible. Use of a private vehicle must be approved in advance by the City Manager, or his designee (via the Travel Authorization Form). Reimbursement for the use of privately owned vehicles is at the standard mileage rate as established by the State of Tennessee. The miles for reimbursement shall be paid from origin to destination and back by the most direct route. Necessary vicinity travel related to official City business may also be reimbursed. If an indirect route is taken, the Rand-McNally mileage table will be used to determine the mileage to be reimbursed.

Employees who receive a monthly car allowance for the use of the employee's personal automobile shall not be reimbursed for mileage while using his/her automobile except when the use of the vehicle exceeds 50 miles round trip, then the mileage will be reimbursable at the current City mileage rate

If two or more travelers on the same trip use a privately owned vehicle, only the traveler who owns or has custody of the vehicle will be reimbursed for mileage. It is the responsibility of that traveler to provide adequate insurance for any liability from the use of the private vehicle. In the event that an employee is involved in an accident that is determined not to

be the employee's fault, the City may elect to reimburse the employee for any deductible paid by the employee.

In no event will mileage reimbursement, plus vicinity travel and associated automobile costs, exceed the lowest reasonable available airfare and associated airfare travel costs.

Travelers will not be reimbursed for automotive repair or breakdowns when using a privately owned vehicle.

b. Local Use of Private Vehicle. Various employees may find it necessary to use a private vehicle in the performance of their duties. The City will reimburse the employee at the standard mileage rate as established by the State of Tennessee. Documentation of such use must include the date, the beginning mileage, the ending mileage and the purpose of the trip. Statement of Expense Claims must be submitted to the City Treasurer no later than the 15th day of the month following the travel. It is the responsibility of the traveler to provide adequate insurance for any liability resulting from the use of the private vehicle. In the event that an employee is involved in an accident that is determined not to be the employee's fault, the City may elect to reimburse the employee for any deductible paid by the employee.

c. City Vehicle. The City may require the employee to drive a City vehicle. If a City vehicle is provided, the traveler is responsible for seeing that the vehicle is used properly and only for acceptable City business. When possible, the employee is to utilize the appropriate city fuel card for out-of-town fuel purchases. The employee will be reimbursed for expenses directly related to the actual and normal use of the City vehicle when proper documentation is provided. Emergency repairs to city vehicles while out-of-town shall be done so in accordance with the procedures established by Fleet Maintenance.

d. Rental Cars. Use of a rental car is not permitted unless it is less expensive or otherwise more practical than public transportation. Approval of car rental is required in advance by the City Manager, or his designee (via the Travel Authorization Form). Always request the government or weekend rate, whichever is cheaper. The optional liability insurance should always be purchased when renting a vehicle.

The City will not reimburse fines for traffic or parking violations.

Reasonable **tolls** will be allowed when the most direct travel route requires them.

Parking fees and costs will be reimbursed. Receipts are required for items over \$5.00

Taxi, Limousine, and other Transportation Fares. When an employee travels by common carrier, reasonable fares will be allowed for necessary ground transportation. Bus or limousine service to and from airports should be used when available and practical. The City will reimburse mileage for travel to and from the local airport and parking fees, provided such costs do not exceed normal taxi/limousine fares to and from the airport. Receipts are required for parking fees of \$5.00 or more.

For travel between lodging quarters and meetings, conferences, or meals, reasonable taxi fares will be allowed. **Original** receipts are required for claims of \$5.00 or more.

Transportation to and from shopping, entertainment, or other personal trips is the choice of the traveler and is not reimbursable.

Reimbursement claims for taxis, limousines, or other ground transportation must be listed separately on the expense form, identifying the destination and amount of each fare.

D. LODGING

The City will reimburse the employee for the actual cost incurred. The employee is expected to obtain the best rate available under the circumstances. Government rates should be requested and tax exemption certificates used whenever possible. **Employees are encouraged to use City issued travel cards to make hotel reservations in order to take advantage of the City's tax exemption for lodging costs.** To be eligible for reimbursement for one-day meetings, the employee must travel greater than 150 miles one-way, unless special circumstances apply as determined by the department/division head. Special circumstances may include but are not limited to:

- (a.) Events requiring early arrival and/or driving time is unreasonable
- (b.) Local events where City employees are sponsors or participants of conventions or meetings, and their presence to oversee events or conduct business is essential to the success of the event.

1. Original lodging receipts must be submitted with the Statement of Expense Claims form. **Photocopies are not acceptable.**

2. Travelers may stay at the officially designated hotel of the meeting; however, more moderately priced accommodations must be requested whenever possible. It will be the traveler's responsibility to provide documentation of the "officially designated meeting site" room rates, if these rates are higher than the normal reimbursable amounts.

3. If two or more City employees travel together and share a room, the lodging reimbursement will be for the actual cost incurred up to a maximum of the cost of two single rooms. One employee should report the total cost of the lodging and indicate that the room was shared and with whom. If an employee shares a room with a non-employee, the actual cost will be allowed up to the single room rate. The receipt for the entire amount must be submitted with the expense form.

E. MEALS AND INCIDENTALS

1. One-day travel. Expenses for meals and incidentals (M & I) for one-day travel will not be reimbursed unless the employee is required to travel in excess of **100** miles one-way. The following table under item 2. (Overnight Travel) may be used to determine reimbursement for a single meal when appropriate. CONUS rates **do** apply to one-day travel.

2. Overnight Travel. Expenses for meals and incidentals for overnight travel will be reimbursed at the per diem rate of \$39.00 per day. An increased daily per diem rate will be considered for travel to major metropolitan areas (i.e. Nashville, Chicago, Orlando) as established by the Federal CONUS per diem rate table (attached). The per diem is compensation for meals, tips, and incidental expenses. Generally, the applicable maximum per diem rate for each calendar day of travel shall be determined by the location of the meal for the traveler (see addendum to CONUS rate table).

Reimbursement for meals is subject to when the traveler departs and returns to the official station. The traveler's official station is normally the location the business travel originates from (i.e. home or work).

On the first and last day of your trip, when overnight travel is involved, the current per diem allowance is determined as follows:

Meal	Amount	If departure is before	If return is after
Breakfast	\$ 9.00	7:30 AM	8:00 AM
Lunch	\$11.00	11:00 AM	1:00 PM
Dinner	\$19.00	5:00 PM	6:30 PM

When overnight travel is involved, on the first day of your trip, dinner reimbursement is made regardless of departure time. The hour and date of departure and return must be shown on the expense reimbursement form.

The excess cost of an official banquet may be allowed provided proper documentation or explanation is submitted with the expense reimbursement form. If a meal is included as part of a conference or seminar registration, or is included with the airfare, then the allowance for that meal should be subtracted from the total allowance for the day. For example, if a dinner is included as part of the conference fee, the maximum meal allowance for the day should be reduced by the allowed dinner amount.

F. MISCELLANEOUS EXPENSES

1. Registration fees for approved conferences, conventions, seminars, meetings, and educational programs are allowed and will generally include the cost of official banquets, meals, lodging, and administrative fees. Registration fees should be specified on the original travel authorization form and may be prepaid.

2. Business-related long distance telephone calls will be reimbursed. In addition, one personal long distance call not to exceed \$5.00, will be reimbursed per day. Employees should use the most economical telephone service available. It is recommended that the traveler use the City's toll free Watts line when making calls to the office or their personal homes while away on City business. It should be noted by the employee that the Watts line (800) 998-3008 is an unsecured telephone line.

3. A \$4 allowance will be reimbursable for hotel/motel check-in/check-out and baggage handling expenses.

4. Laundry, valet service, tips and gratuities are considered personal expenses and are not reimbursable.

5. **Travel outside the United States.** All expenses claimed must be converted to U.S. dollars. The conversion rate and computation should be shown on each receipt.

6. Reasonable tips not to exceed \$4.00 will be reimbursed for ground transportation.

G. PROMOTIONAL/BUSINESS DEVELOPMENT

The City may reimburse employees for promotional/business development expenses provided that:

1. The promotional/business development is appropriate in the conduct of City business;
2. The promotional/business development is approved by the City Manager
3. The group or individuals involved are identified; and
4. Documentation is attached to the Statement of Expense Claims form that supports the promotional/business development expense claims.

Reimbursement for authorized promotional/business development expenses must include:

(1) Original receipts from the vendor (restaurant, caterer, ticket office, etc.) must support all requests. Reasonable tips and gratuities included on the receipt **by the vendor** are reimbursable.

(2) A disclosure and explanation statement, explaining the purpose of the promotional/business development and identifying the group name and the number of people entertained (or individual names listed if not a recognized group).

The Mayor must approve the City Manager's claim, or in the absence of the Mayor the Vice-Mayor, before the City Treasurer authorizes settlement of the claim.

H. STAFF MEETINGS AND OTHER MEALS

From time to time, the City may provide meals or snacks for employees at staff meetings or committee meetings. The City may reimburse employees for other meals not related to travel or promotional/business development when the meals are considered to benefit the City. Examples of meals that would provide benefit to the City include meals to enable employees to have time together to discuss City business; meals intended to reward an employee for a job well done; or meals to promote employee morale or goodwill.

Reimbursement for these meals must include:

(1) Original receipts from the vendor (restaurant, caterer, ticket office, etc.) must support all requests. Reasonable tips and gratuities included on the receipt **by the vendor** are reimbursable.

(2) A disclosure and explanation statement, explaining the purpose of the meal and meeting, the benefit to the City, and a list of employees present.

(3) Approval of the City Manager.

The Mayor or in the absence of the Mayor the Vice-Mayor, must approve any reimbursement where the City Manager was in attendance.

I. TAXABLE FRINGE BENEFITS

Reimbursements of certain meals are considered taxable fringe benefits by the Internal Revenue Service. Basically only meals related to overnight travel, business promotion, or provided on the business premises are considered nontaxable. Any meals reimbursed by the City that are considered taxable fringe benefits by the IRS will be included in the employee's W-2 form.

J. TRAVEL CARDS

The City has obtained travel cards to provide a safe and convenient means for paying employee travel expenses and reduce the need for travel advances. Two cards will be issued to each department to be used by the department head or their designees.

The travel cards may be used for seminar or conference registrations, hotel or other lodging payments, airfare, car rental, or meals. No personal expenses should be charged to the travel cards. All requirements mentioned through out the travel policy apply to the travel cards as well. The travel card statement is NOT a substitute for a vendor receipt. Each department will be responsible for reconciling their monthly travel card statement.

The employee is responsible for obtaining vendor receipts. Since several employees will be using the same travel card, each employee must sign his or her receipts. Any charges not properly documented will be the responsibility of the employee. Any meals charged to the travel card in excess of the allowable per diem will be the responsibility of the employee. If the travel card receipt is for meals of more than one employee, it is necessary to note which expenses are for which employee.

K. TRAVEL RECONCILIATION

1. Within 10 days of return from travel, the traveler is expected to complete and file the Statement of Expense Claims form. The traveler must certify that the reimbursement amount claimed is true and accurate. Original lodging, travel, taxi, parking, and other receipts must be attached. The traveler will record all travel advances and/or prepayment data on the Statement of Expense Claims form. **The traveler should also include and identify expenses charged to the City travel card.** The balance owed to the traveler or to be refunded to the City should be clearly marked.

2. If the traveler received a travel advance and spent less than the advance, the traveler should attach a **check** made payable to the City of Kingsport for that difference. Travelers submitting a cash refund must hand deliver the refund to a cashier in the Finance Department and obtain a receipt that must be attached to the Statement of Expense Claims form. Do not send cash through the inter-office mail.

3. **If the traveler used the City's travel card and charged meals in excess of the per diem rate, the traveler should attach a check made payable to the City of Kingsport for the difference. Travelers submitting a cash refund must hand deliver the refund to a cashier in the Finance Department and obtain a receipt that must be attached to the Statement of Expense Claims form. Do not send cash through the inter-office mail.**

4. The City Manager will address special circumstances and issues not covered in this ordinance on a case-by-case basis.

5. Where several employees travel together as a group, each employee must submit a separate Statement of Expense Claims form.

6. Clarifications and questions regarding the travel policy should be directed to the Finance Department.

L. RESTRICTIONS

1. Alcoholic beverages will not be reimbursed under any circumstances.

2. Travel reimbursement by any outside source may be considered a conflict of interest. However, this restriction shall not apply for grant or educational sources, including, but not limited to, Governmental Agencies, University Grants, etc. No travel arrangements or expenses are to be accepted from a vendor-related source.

M. DISCIPLINARY ACTION

Violation of the travel rules can result in disciplinary action of department heads and/or employees up to and including termination of employment. Travel fraud can result in criminal prosecution of officials and/or employees.

SECTION II. That this ordinance shall take effect from and after the date of its passage, as the law directs, the public welfare of the City of Kingsport, Tennessee, requiring it.

DENNIS R. PHILLIPS
Mayor

ATTEST:

JAMES H. DEMMING
City Recorder

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY
City Attorney

PASSED ON 1st READING: 11-18-08

PASSED ON 2nd READING: 12-2-08



AGENDA ACTION FORM

Consideration of a Resolution Authorizing the Mayor to Execute a Sub Recipient Agreement with the Greater Kingsport Alliance for Development for the Acquisition of Vacant Residential Property

To: Board of Mayor and Aldermen
 From: John G. Campbell, City Manager *John G. Campbell*

Agenda Form No.: AF-356-2008
 Work Session: November 17, 2008
 First Reading: November 18, 2008

Final Adoption: December 2, 2008
 Staff Work: Mark Haga, John Blessings
 Presentation: Mark Haga, Chris McCart

Recommendation:

- Approve the Resolution

Executive Summary:

In recent weeks, the Code Enforcement office of the City of Kingsport has identified several properties as vacant, dilapidated and available for purchase. In meetings with City Manager's office and KAHR program staff, the Code Enforcement office identified four properties in the Gibson town neighborhood which are immediately available for a favorable price. After review of the KAHR budget in relation to progress made on the original waiting list of 34 emergency repair properties, staff proposes to make available up to \$60,000 for the purchase of the four properties the Codes office has identified. Staff proposes to utilize the funds set aside for Appalachia Service Project (ASP), which were budgeted from the FY 08 General Fund (funds recaptured from Charter Communications). It appears ASP will not be able to utilize these funds as originally planned. The Greater Kingsport Alliance for Development has agreed to act as the purchasing and holding agent until the properties can be sold and developed for affordable housing, and staff proposes an agreement with GKAD for the \$60,000 to purchase these properties. As a term of the agreement, GKAD agrees to refund the KAHR program for the purchase price of each property as it is ready for development. The recaptured funds would be used for further housing rehabilitation work.

Attachments:

1. Resolution
2. Agreement

	<u>Y</u>	<u>N</u>	<u>O</u>
Joh	—	—	—
Mallicote	—	—	—
Marsh	—	—	—
Munsey	—	—	—
Shull	—	—	—
Shupe	—	—	—
Phillips	—	—	—

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE AN AGREEMENT WITH THE GREATER KINGSPORT ALLIANCE FOR DEVELOPMENT FOR ACQUISITION OF VACANT RESIDENTIAL PROPERTY

WHEREAS, the city's code enforcement office has identified various properties which are vacant, abandoned/dilapidated, and are recognized as a nuisance; and

WHEREAS, the city has determined that the purchase of these properties and their future development will benefit the general welfare of Kingsport residents; and

WHEREAS, the Greater Kingsport Alliance for Development (GKAD) is a nonprofit charitable organization as defined by Tennessee Code Annotated §§6-54-111 and 48-51-101 et seq.; and

WHEREAS, the city is authorized by Tennessee Code Annotated §6-54-111 et seq. to provide financial assistance to nonprofit organizations and corporations; and

WHEREAS, the city desires to enter into an agreement, in the amount of \$60,000, with the Greater Kingsport Alliance for Development (GKAD) to act as purchasing and holding agent for the properties until such properties can be sold and/or developed for affordable housing; and

WHEREAS, GKAD agrees to reimburse the city for the purchase price of each property upon the sale of the property or as the property is ready for development; and

Now therefore,

BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN AS FOLLOWS:

SECTION I. That the Mayor, or in his absence, incapacity, or failure to act, the Vice Mayor, is authorized to execute, in a form approved by the City Attorney and subject to the requirements of Article X, Chapter 10 of the Charter of the City of Kingsport, an agreement, in the amount of \$60,000, with the Greater Kingsport Alliance for Development (GKAD) to act as purchasing and holding agent for various properties, identified by the city's Code Enforcement office as vacant, abandoned/dilapidated and recognized as a nuisance, until such properties can be sold and developed for affordable housing.

SECTION II. That this resolution shall take effect from and after its adoption, the public welfare requiring it.

ADOPTED this the 18th day of November, 2008.

DENNIS R. PHILLIPS, MAYOR

ATTEST:

JAMES H. DEMMING, CITY RECORDER

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, CITY ATTORNEY

AGREEMENT

BETWEEN

THE CITY OF KINGSPORT, TENNESSEE

AND

GREATER KINGSPORT ALLIANCE for DEVELOPMENT

This agreement, made and entered into this 1st day of November 2008, by and between the City of Kingsport, Tennessee, with principal offices at 225 West Center Street, Kingsport, Tennessee, hereinafter called the "**City**", and the **Greater Kingsport Alliance for Development**, hereinafter called "**GKAD**", having its principal offices at 906 E. Sevier Street, Kingsport, Tennessee.

WITNESSETH:

WHEREAS, the **City** office of Codes Enforcement has identified various properties which are vacant, abandoned and/or dilapidated and are recognized as a nuisance to the citizens of the City of Kingsport; and

WHEREAS, the **City** has determined that the purchase of these properties and future development of them are in the best interest of the citizens; and

WHEREAS, **GKAD** is agreeable to act on the **City's** behalf to acquire vacant, abandoned and/or dilapidated properties and to undertake the management services for the program under conditions satisfactory to the **City**; and

WHEREAS, **GKAD** will report all activities for the program to the **City**;

NOW, THEREFORE, the parties of this Agreement, for the considerations set forth below, do here and now agree and bind themselves to the following terms and conditions:

I. PROJECT DESCRIPTION/STATEMENT OF WORK

A. Purpose of Project

The 2008 **GKAD** property acquisition project will seek to prevent and/or eliminate blighting effects in the City by purchasing vacant, abandoned and/or dilapidated property identified by the City Codes Enforcement office as meeting certain criteria.

B. Method of Operation

The City will provide reimbursement to **GKAD** for the purchase of identified properties within the corporate limits of the City. Title to any property acquired under this Agreement will be held by **GKAD** until such time that it may be sold or developed by **GKAD** or other not-for-profit entity, under written agreement with **GKAD**. In any case, whether by sale or development, in the event that property is conveyed to another entity, public or private, **GKAD** will reimburse the City for an amount no less than the original purchase price value incurred by **GKAD**.

C. Timetable and Budget For Completion of Activity

City of Kingsport funds in the amount of \$60,000 shall be available to **GKAD** for the purchase of properties identified by the City of Kingsport., according to the terms outlined in Section B above. Funds shall be used as follows:

Property Purchase Reimbursement	\$60,000
TOTAL FOR GRANT	\$60,000

The term of this agreement will expire on June 30, 2009.

II. RECORDS AND REPORTS

- A. **GKAD** will prepare and submit to the City on a monthly basis during the term of this contract a report describing its progress in meeting the Statement of Work as stated in Article I and reflecting data described in Article II, Section A above.
- B. **GKAD** will maintain books, records and documents in accordance with accounting procedures and practices which sufficiently and properly

reflect all expenditures of funds provided by the City under this Agreement.

- C. **GKAD** will make all records/reports readily available for inspection by the City or any of their duly authorized representatives for the purpose of making audit, examination, excerpts and transcriptions.

III. UNIFORM ADMINISTRATIVE AND OTHER REQUIREMENTS

- A. **GKAD**, in compliance with Title VI of the Civil Rights Act of 1964 and of the Housing and Community Development Act of 1974, agrees that no person shall on the grounds of race, color, national origin, sex, or age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any activity funded in whole or in part with City of Kingsport funds.
- B. **GKAD** agrees that it will indemnify and hold the City harmless from and against any and all claims, damages, liabilities and expenses, including attorney fees and court costs arising out of or in connection with this agreement or due to the failure of **GKAD** to comply with any and all statutes and regulations applicable under this agreement.
- C. **GKAD** agrees to prohibit discrimination against an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794).

In the execution of this contract, **GKAD** will comply with the requirements and standards of OMB Circular No. A-87, "Principles for Determining Costs Applicable to Grants and Contracts with State, Local and Federally recognized Indian Tribal Governments". OMB Circular A-128, "Audits of State and Local Governments" (24 CFR 44), and with the following sections of 24 CFR 85 "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments":

1. Section 85.3, "Definitions";
2. Section 85.6, "Exceptions";
3. Section 85.12, "Special Grant or Subgrant Conditions for 'High-Risk' Grantees";
4. Section 85.20, "Standards for Financial Management Systems", except paragraph (a);
5. Section 85.21, "Payment", except as modified by 24 CFR 570.513;
6. Section 85.22, "Allowable Costs";
7. Section 85.26, "Non-Federal Audits";

8. Section 85.32, "Equipment", except in all cases in which the equipment is sold, the proceeds shall be program income;
9. Section 85.33, "Supplies";
10. Section 85.34, "Copyrights";
11. Section 85.35, "Subawards to Debarred and Suspended Parties";
12. Section 85.36, "Procurement", except paragraph (a);
13. Section 85.37, "Subgrants";
14. Section 85.40, "Monitoring and Reporting Program Performance", except paragraphs (b) through (d) and paragraph (f);
15. Section 85.41, "Financial Reporting", except paragraphs (a), (b), and (e);
16. Section 85.42, "Retention and Access Requirements or Records";
17. Section 85.43, "Enforcement";
18. Section 85.44, "Termination for Convenience";
19. Section 85.51, "Later Disallowances and Adjustment"; and
20. Section 85.52, "Collection of Amounts Due".

IV. REVERSION OF ASSETS

This agreement will be governed by the reversion of assets clause as required by the terms described in Section B above.

V. SUSPENSION AND TERMINATION

If **GKAD** fails to comply with the terms of this agreement the **City** may, on reasonable notice to **GKAD**, suspend the grant and withhold further payments pending corrective action by **GKAD** and/or a decision to terminate in accordance with the following:

- A. This agreement may be terminated by the **City** in accordance with this clause, in whole or from time to time in part, whenever **GKAD** defaults in the performance of activities specified in this agreement and fails to cure such defaults within a period of fifteen (15) days or such longer period as the **City** and **GKAD** will mutually agree provided that the **City** will serve notice of default in writing upon **GKAD**.
- B. The **City** or **GKAD** may terminate the grant in whole or in part when both parties agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds (termination for convenience). The parties will agree upon the termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated.

VI. METHOD OF PAYMENT

Payment to **GKAD** of City funds will be on a reimbursement schedule as described in Section B above. **GKAD** will submit an invoice and documentation detailing expenses of the program to be reimbursed by the **City**.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives set out their signatures.

CITY OF KINGSPORT

Dennis R. Phillips, Mayor

Date

ATTEST:

Elizabeth Gilbert, City Clerk

Date

GREATER KINGSPORT ALLIANCE for DEVELOPMENT

Terry W. Cunningham, Executive Director

Date

APPROVED AS TO FORM:

J. Michael Billingsley, City Attorney

Date



AGENDA ACTION FORM

Consideration of a Resolution Authorizing the Mayor to Execute a Lease Agreement for Office and Storage Space for Quebecor World Inc. Located at 335 Roller Street

To: Board of Mayor and Aldermen

From: John G. Campbell, City Manager

John G. Campbell

Agenda Form No.: AF-355-2008

Work Session: November 17, 2008

First Reading: November 18, 2008

Final Adoption: November 18, 2008

Staff Work: C. McCartt/M. Billingsley

Presentation: Chris McCartt

Recommendation: Approve the Resolution

Executive Summary:

Approximately 30 employees from Quebecor World Inc. are still working out of the Kingsport facility now owned by the City of Kingsport. Representatives from Quebecor World Inc., as well as local representatives, have requested that their Kingsport operation be allowed to enter into a lease agreement with the City of Kingsport in order to continue operating from their existing location (335 Roller Street). Under the proposed lease agreement Quebecor World Inc. would occupy 7480 square feet of office space at \$6.65 per square foot and 5000 square feet of storage space at \$1.00 per square foot. The lease agreement will be for three years. The City of Kingsport will be responsible for the installation of a new HVAC unit to serve the office space identified in the lease, weekly custodial service, pest control, and snow removal. Funding to cover these items has been budgeted within the lease.

Attachments:

- 1. Resolution
- 2. Lease Agreement

	Y	N	O
Joh	—	—	—
Mallicote	—	—	—
Marsh	—	—	—
Munsey	—	—	—
Shull	—	—	—
Shupe	—	—	—
Phillips	—	—	—

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A LEASE AGREEMENT BETWEEN THE CITY OF KINGSPORT AND QUEBECOR WORLD KINGSPORT, INC. FOR OFFICE SPACE IN THE BUILDING KNOWN AS THE QUEBECOR BUILDING LOCATED AT 335 ROLLER STREET IN THE CITY OF KINGSPORT, SULLIVAN COUNTY, TENNESSEE

WHEREAS, the City of Kingsport desires to enter into a lease agreement with Quebecor World Kingsport, Inc. for use by Quebecor World Kingsport, Inc. of office space consisting of approximately 7480 square feet at \$6.65 per square foot and 5000 square feet of storage space at \$1.00 per square foot in the building known as the Quebecor Building located at 335 Roller Street in the City of Kingsport, Sullivan County, Tennessee; and

WHEREAS, the term of the lease is for a three (3) year period commencing on November 1, 2008.

Now therefore,

BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN AS FOLLOWS:

SECTION I. That the Mayor, or in his absence, incapacity, or failure to act, the Vice Mayor, is authorized to execute, in a form approved by the City Attorney and subject to the requirements of Article X, Chapter 10 of the Charter of the City of Kingsport, a lease agreement with Quebecor World Kingsport, Inc. for use by Quebecor World Kingsport, Inc. of office space consisting of approximately 7480 square feet at \$6.65 per square foot and 5000 square feet of storage space at \$1.00 per square foot in the building known as the Quebecor Building located at 335 Roller Street in the City of Kingsport, Sullivan County, Tennessee for a three (3) year period commencing on November 1, 2008 .

SECTION II. That this resolution shall take effect from and after its adoption, the public welfare requiring it.

ADOPTED this the 18th day of November, 2008.

DENNIS R. PHILLIPS, MAYOR

ATTEST:

JAMES H. DEMMING, CITY RECORDER

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, CITY ATTORNEY

QUEBECOR OFFICE SPACE
LEASE AGREEMENT

THIS LEASE, made and entered into as of this _____ day of _____, 2008, by and between the City of Kingsport, a municipal corporation (herein called "CITY"), and Quebecor World Kingsport Inc. (herein called "QUEBECOR").

WITNESSETH:

The CITY, for and in consideration of the covenants and agreements hereinafter contained and made on the part of QUEBECOR, does hereby Lease to QUEBECOR certain space in the building known as the Quebecor Building. QUEBECOR shall have exclusive occupancy of (7480) square feet of office floor areas, (5000) square feet of storage space, and the parking area, described in Exhibit A (herein called "Premises"), located at 355 Roller Street, Kingsport, Tennessee. Said Premises are located in the City of Kingsport, Sullivan County, Tennessee.

This Lease is subject to the terms, covenants and conditions herein set forth and the QUEBECOR covenants as a material part of the consideration for this Lease to keep and perform each and all of said terms, covenants and conditions by it to be kept and performed.

1. The term of this Lease shall be for three (3) years, and shall commence to run on November 1, 2008. Either party may terminate this Lease or decrease the square footage occupied upon one hundred and eighty (180) days written notice from the CITY to QUEBECOR and ninety (90) days written notice from QUEBECOR to the CITY, prior to each annual anniversary of the term of this Lease, for both parties. Such termination or decrease in square footage shall not be a default.

2. QUEBECOR shall use the Premises for office space and storage of non-hazardous materials and shall not use or permit the Premises to be used for any other purpose without the prior written consent of CITY.

3. QUEBECOR shall pay as rent the sum of \$6.65 per square foot per year for the office space and \$1.00 per square foot per year for the storage space payable in monthly installments of \$4,561.83 with the first installment due on the 1st day of November, 2008 and on the same day each month thereafter. If the square footage is adjusted the monthly payment will be adjusted accordingly.

4. QUEBECOR shall take the steps necessary to provide security it deems appropriate for the Premises.

5. CITY shall be responsible for the following:

- Installation of new HVAC units to serve the Premises;

- Weekly removal of garbage from the Premises.
- Snow removal from the Premises' parking lot.
- Pest control service.
- Custodial Service

6. QUEBECOR shall not do or permit anything to be done in or about the Premises or bring or keep anything therein that is not within the permitted use of the Premises. QUEBECOR shall not do or permit anything to be done in or about the Premises that shall in any way obstruct or interfere with the rights of other property owners in the area or allow the Premises to be used for any unlawful purpose. QUEBECOR shall not cause, maintain or permit any nuisance in, on or about the Premises. QUEBECOR shall not commit, or allow to be committed, any waste in or upon the Premises.

7. Any improvement(s) made pursuant to this Lease by QUEBECOR shall be subject to the prior written approval of the CITY. Any improvement(s) to the property shall become the property of the CITY at the CITY's discretion.

8. The CITY shall, at all times, have the right to enter upon the Premises to inspect the same, during business hours and with reasonable notice to QUEBECOR.

9. By entry hereunder, QUEBECOR shall be deemed to have accepted the Premises as being in good, sanitary order, condition and repair. QUEBECOR shall, upon the expiration or sooner termination of this Lease, surrender the Premises to the CITY in good condition, reasonable wear and tear excepted. Any damage to the Premises or adjacent premises solely caused by QUEBECOR's use of the Premises shall be repaired at the sole cost and expense of QUEBECOR.

10. QUEBECOR shall not either voluntarily, or by operation of law, assign, transfer, mortgage, pledge, hypothecate or encumber this Lease or any interest therein, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or allow any other person (employees, agents, servants, member, groups and invitees of QUEBECOR excepted) to occupy or use the Premises, or any portion thereof without the prior consent of the CITY, which consent shall not be unreasonably withheld by the CITY.

11. If any default is made in the payment of rent, or any part thereof, at the times specified, and QUEBECOR does not pay all undisputed amounts due and owing within ten (10) days after written notice of said default is sent by the CITY to QUEBECOR, then the Lease, at the option of the CITY, shall terminate and be forfeited, and QUEBECOR shall vacate the Premises without further notice or demand. If any default is made in the performance of or compliance with any other term or condition hereof or QUEBECOR abandons the Premises as set forth in Section 12, the Lease, at the option of the CITY, shall terminate and be forfeited, and QUEBECOR shall vacate the Premises without further demand or notice by the CITY, and the CITY may re-enter and take possession of the Premises without in any way being liable to QUEBECOR. QUEBECOR agrees to pay all costs of collection or costs otherwise occasioned by any default or termination of this Lease or abandonment of the Premises if such default, termination and/or abandonment is the sole fault of QUEBECOR. QUEBECOR shall be liable

for all loss (including loss of rents) or damage resulting from such default, termination and/or abandonment.

12. Except as otherwise permitted in section 1, if at any time during the term of this Lease, QUEBECOR abandons the Premises or any part thereof, the CITY may at its option, terminate the Lease and/or enter the Premises by any means without being liable for any prosecution therefor, and without becoming liable to QUEBECOR for damages of any kind whatsoever. The CITY may, at its sole discretion, upon default, termination or abandonment, as agent for QUEBECOR relet the Premises, or any part thereof, for the whole or any part of the unexpired term, and may receive and collect all rents payable by virtue of such reletting, and at the CITY's option, hold QUEBECOR liable for any difference between the rent that would have been payable under this Lease during the balance of the unexpired term, if this Lease had continued in force, and the net rent for such period realized by the CITY by means of such reletting. If the CITY's right of re-entry is exercised following the abandonment of the Premises by QUEBECOR, then the CITY may dispose of QUEBECOR's personal property remaining there in any manner which the CITY shall deem proper and which is lawful, and the CITY is hereby relieved of all liability for doing so.

13. The CITY shall not be liable or responsible for, and shall be saved and held harmless by QUEBECOR from and against any and all suits, actions, losses, damages, claims, or liability of any character, type, or description, including all expenses of litigation, court costs, and attorney's fees for injury or death to any person, or injury to any property, received or sustained by any person or persons or property, arising out of, or occasioned by, directly, the performance of QUEBECOR under this Lease, without, however, waiving any governmental immunity available to the CITY under Tennessee law and without waiving any defenses of the parties under Tennessee law. The provisions of this indemnification are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity. It is the expressed intent of the parties to this Lease that the indemnity provided for in this section is an indemnity extended by QUEBECOR to indemnify and protect the CITY from the consequences of the negligence of QUEBECOR or others. The QUEBECOR agrees that the foregoing indemnification provisions and the responsibilities of QUEBECOR shall survive the termination or expiration of this Lease.

14. Beginning on the date of this Lease QUEBECOR shall obtain and maintain broad form comprehensive general public liability insurance against claims for bodily injury, death or property damage occurring on or about the Premises in a combined single limit of not less than One Million (\$1,000,000.00) dollars. Such insurance shall name the CITY as an additional insured and upon request QUEBECOR shall file with the CITY a certificate of insurance evidencing the required coverage. If QUEBECOR should fail to obtain or maintain the required coverage the CITY can immediately terminate this Lease, without in any way being liable to QUEBECOR.

15. In the event this Lease is terminated for any reason, and the CITY deems it necessary to remove any or all improvement(s) and/or facilities, installed or constructed on the Premises hereinabove described, QUEBECOR hereby agrees to remove such improvement(s)

and/or facilities within thirty (30) days after notice of termination in a manner prescribed by the CITY and to restore the Premises to its original condition, all without cost to the CITY. In the event QUEBECOR has not complied with this provision within thirty (30) days after notice of termination of this LEASE, the CITY may remove such improvement(s) and/or facilities and restore the Premises to its original condition and QUEBECOR shall pay all related costs. QUEBECOR hereby waives any and all claims against the CITY concerning QUEBECOR's improvement(s) and/or facilities.

16. QUEBECOR agrees to pay on demand all expenses for collection, including reasonable attorney's fees and court costs, which the CITY incurs in connection with collection of rent due under this Lease or enforcement of any provision of this Lease, such amount shall not exceed \$1,000.00.

17. The covenants and conditions herein contained shall apply to and bind heirs, legal representatives, and assigns of the parties hereto, and all covenants are to be construed as conditions of this Lease.

18. Failure on the part of the CITY to terminate the Lease for any default or breach shall not be considered as a waiver of its right of election as to any subsequent breach, the right being a continuing one.

19. The terms and provisions hereof are severable such that if any term or provision is declared or found to be invalid or unenforceable, such invalidity or unenforceability shall not affect the remaining terms and provisions of this Lease.

20. QUEBECOR shall be responsible for providing insurance on the personal property owned by QUEBECOR, and the CITY shall not be responsible for loss of any such property owned by QUEBECOR.

21. This Lease shall constitute the entire agreement between the parties hereto. This Lease agreement shall not be altered or in any way modified unless by written consent of all parties.

22. All notices to be given with respect to this LEASE shall be in writing. Such notices shall be sent by certified mail, postage prepaid, and return receipt requested, to the party to be notified. Each notice shall be deemed to have been given at the time it shall be deposited in the United States Mail in the manner prescribed herein. Nothing contained herein shall be constructed to preclude personal service of any written notice. Notice to QUEBECOR shall be made to the address as follows:

V.P. Real Estate
Quebecor World Inc.
999, boul. De Maisonneuve Ouest
Suite 1100
Montreal, Quebec H3A 3L4

With a copy of any notice to:

V.P. Legal
Quebecor World Inc.
999, boul. De Maisonneuve Ouest
Suite 1100
Montreal, Quebec H3A 3L4

Notice to the CITY and the rental payments herein shall be paid at the following address:

City of Kingsport
City Recorder
225 West Center Street
Kingsport, Tennessee 37660

With a copy of any notice to:

City Attorney
City of Kingsport
225 West Center Street
Kingsport, Tennessee 37660

23. This Lease shall be governed by and construed in accordance with the laws of the State of Tennessee without regard to its conflict of laws rules. All legal proceedings relating to the subject matter of this Lease shall be maintained in the state or federal courts for Kingsport, Sullivan County, Tennessee and the parties agree that jurisdiction and venue for any such legal proceeding shall lie exclusively with such courts.

IN WITNESS WHEREOF, the parties hereto executed this Lease on the day and date first above written.

QUEBECOR WORLD KINGSPORT INC.

CITY OF KINGSPORT, TENNESSEE

ATTEST:

DENNIS R. PHILLIPS

Mayor

JAMES H. DEMMING
City Recorder

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY
City Attorney

STATE OF TENNESSEE
COUNTY OF SULLIVAN

Personally appeared before me, _____, a Notary Public for the said state and county aforesaid, Dennis R. Phillips, with whom I am personally acquainted or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged that he is the Mayor of the City of Kingsport, Tennessee, the within named bargainor, a corporation, and that he as Mayor, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by signing himself as Mayor.

Witness my hand and official seal at office in Kingsport, Sullivan County, Tennessee, this _____ day of _____, 2008.

Notary Public

My commission expires:

Personally appeared before me, _____, a Notary Public for the said _____ and _____ aforesaid, _____, with whom I am personally acquainted or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged that he/she is the _____ of _____, the within named bargainor, a corporation, and that he/she as _____, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by him/herself as _____.

Witness my hand and official seal at office in _____, _____, this _____ day of _____, 2008.

Notary Public

My commission expires:



AGENDA ACTION FORM

Consideration of a Resolution Adopting Search, Violence in the Workplace, and Weapons Policies

To: Board of Mayor and Aldermen
 From: John G. Campbell, City Manager

Action Form No.: AF-353-2008
 Work Session: November 17, 2008
 First Reading: N/A

Final Adoption: November 18, 2008
 Staff Work By: Billingsley, Duncan
 Presentation By: Billingsley

Recommendation: Approve the resolution.

Executive Summary:

The staff is continuing to update the personnel policies. Violence in the workplace, possession of weapons, and searches are currently addressed together in one policy. In order to provide policies which are understandable, reflect current practice and are beneficial to the city and its employee's adoption of three separate policies dealing with these issues is recommended. A Search Policy, Violence in the Workplace Policy, and a Weapons Policy will replace the current outdated Violence in the Workplace Policy.

The Search Policy is conditioned upon the city's right to search all property it owns, operates or controls.

The Violence In The Workplace Policy reiterates that threats of violence, stalking, threatening or abusive behavior, or acts of violence by or against employees, visitors, or customers while on duty or while at or using city facilities, or on city property or a city-controlled site, or in connection with city employment or city business violate the policy (even those made in jest).

The Weapons Policy reflects the city's stance on the possession or carrying of weapons while on city property, in city vehicles, or while on duty.

Adoption of these new policies will require the repeal of Section 11, Violence in the Workplace of the City of Kingsport Policies and Procedures Manual, revised September 1998.

Attachments:

1. Resolution

Funding source appropriate and funds are available: _____

	Y	N	O
Joh	—	—	—
Mallicote	—	—	—
Marsh	—	—	—
Munsey	—	—	—
Shull	—	—	—
Shupe	—	—	—
Phillips	—	—	—

RESOLUTION NO. _____

A RESOLUTION REPEALING SECTION 11, VIOLENCE IN THE WORKPLACE, OF THE CITY OF KINGSPORT POLICIES AND PROCEDURES MANUAL REVISED SEPTEMBER 1998; AND ADOPTING A SEARCH POLICY, A VIOLENCE IN THE WORKPLACE POLICY AND A WEAPONS POLICY FOR CITY EMPLOYEES

WHEREAS, the city is updating its personnel policies; and

WHEREAS, the city desires to adopt a search policy, a violence in the workplace policy, and a weapons policy to establish standards that are understandable, reflect current practice, are beneficial to the city and its employees; and

WHEREAS, repeal of Section 11, Violence In The Workplace, of the City of Kingsport Policies and Procedures Manual is necessary for implementation of the new policies.

Now, therefore,

BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN AS FOLLOWS:

SECTION I. That Section 11, Violence In The Workplace, of the City of Kingsport Policies and Procedures Manual, revised September 1998, is repealed as of the date of the adoption of this Resolution.

SECTION II. That the following policy is adopted as the official Search Policy for the City of Kingsport:

All property owned, operated or controlled by the City of Kingsport is subject to search. Searches may be conducted at any time without notice as there is NO EXPECTATION OF PRIVACY. This may include, but not be limited to, an employee's office or individual work area, desk, file cabinet and files, closet, containers, city vehicle, lockers, and computer files or similar places. Such equipment is subject to entry and search without notice, even if the employee has placed a personally owned lock on the city's property.

Because even a routine inspection or search may result in the viewing of an employee's personal possessions, employees are encouraged not to bring any item of personal property into the workplace that they do not want revealed to the city. The retention of personal items is at the risk of the employee and the city will not be responsible for any losses. Employees assigned lockers, whether such lockers are kept locked by employees or not, are also subject to searches

by management in the presence of the employee, if the employee is reasonably available. Law enforcement will be notified, as appropriate, where criminal activity is suspected.

Other Provisions

Nothing in this policy should be construed to conflict with or supersede state or federal law, or as interfering with the constitutional rights of employees.

While the city is committed to the principles embodied in this policy, the policy itself is not intended to state contractual terms and does not constitute a contract between the city and its employees. This policy supersedes all policies that conflict with the terms of this policy. Furthermore, this statement constitutes ONLY the policy of the city. A finding of a violation of this policy does not mean that the conduct violates state and/or federal laws.

SECTION III. That the following policy is adopted as the official Violence In The Workplace Policy for the City of Kingsport:

The safety and security of its employees is important to the City of Kingsport. Threats of violence, stalking, threatening or abusive behavior, or acts of violence by or against employees, visitors, or customers while on duty or while at or using city facilities, or on city property or a city-controlled site, or in connection with city employment or city business is a violation of this policy (even those made in jest). This also includes such threats of violence, stalking, threatening or abusive behavior, or acts of violence against family members of employees. Violations of this policy may lead to corrective action up to and including termination and referral to appropriate law enforcement agencies. The City of Kingsport reserves the right to take any necessary legal action to protect its employees.

Any person who makes threats of violence, stalks, exhibits threatening or abusive behavior, or engages in violent acts while at or using city facilities, while on city property or a city-controlled site, or in connection with city employment or city business will be removed from the premises as quickly as safety permits.

All employees are responsible for notifying management of any threats that they

witness or receive or that they are told another person witnessed or received. Even without a specific threat, all employees should report to a manager any behavior they have witnessed that they regard as potentially threatening or violent or that could endanger the health or safety of an employee or others when the behavior has been carried out while at or using city facilities, while on city property or on a city-controlled site, or is connected with city employment or city business. Employees are responsible for making this report regardless of whether the person involved is an employee, citizen, or any other individual.

If a threat of violence is imminent, the police should be called (call 911) by any person who becomes aware of such threat or by any manager. In all situations, if violence appears to be imminent, employees should take the precautions necessary to assure their own safety and the safety of others.

Other Provisions

Nothing in this policy should be construed to conflict with or supersede state or federal law, or as interfering with the constitutional rights of employees.

While the city is committed to the principles embodied in this policy, the policy itself is not intended to state contractual terms and does not constitute a contract between the city and its employees. This policy supersedes all policies that conflict with the terms of this policy. Furthermore, this statement constitutes ONLY the policy of the city. A finding of a violation of this policy does not mean that the conduct violates state and/or federal laws.

SECTION IV. That the following policy is adopted as the official Weapons Policy for the City of Kingsport:

Although some laws may allow people to carry firearms in public, except as provided hereinafter the City of Kingsport prohibits any employee from possessing or carrying weapons of any kind while on city property, in city vehicles, or while on duty. This includes:

- Any form of weapon or explosive;
- All firearms;

- Any device listed in T.C.A. section 39-17-1302(a); and
- All illegal knives.

If an employee is unsure whether an item is covered by this policy, please contact the Human Resources Manager, or designee. Employees are responsible for making sure that any item they possess is not prohibited by this policy. Police officers or fire officials designated by T.C.A. section 68-102-149 may carry a weapon on city property, in city vehicles, or while on duty as a condition of their work duties.

While the city has a policy prohibiting weapons, nothing in this policy shall be construed as creating any duty or obligation on the part of the city to take any action beyond those required of an employer by existing law.

Other Provisions

Nothing in this policy should be construed to conflict with or supersede state or federal law, or as interfering with the constitutional rights of employees.

While the city is committed to the principles embodied in this policy, the policy itself is not intended to state contractual terms and does not constitute a contract between the city and its employees. This policy supersedes all policies that conflict with the terms of this policy. Furthermore, this statement constitutes ONLY the policy of the city. A finding of a violation of this policy does not mean that the conduct violates state and/or federal laws.

SECTION V. That nothing herein shall be construed to conflict with or supersede any applicable state or federal law.

SECTION VI. That this resolution shall take effect from and after its adoption, the public welfare requiring it.

ADOPTED this the 18th day of November, 2008.

DENNIS R. PHILLIPS, MAYOR

ATTEST:

JAMES H. DEMMING, CITY RECORDER

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, CITY ATTORNEY



AGENDA ACTION FORM

Consideration of Initial and Detailed Bond Resolutions Authorizing the Issuance of General Obligation Bonds (V.O. Dobbins Renovation/Non-profit Center) in an Amount not to Exceed \$7,145,000

To: Board of Mayor and Aldermen
 From: John G. Campbell, City Manager

Action Form No.: AF 363-2008
 Work Session: November 17, 2008
 First Reading: N/A

Final Adoption: November 18, 2008
 Staff Work By: Jim Demming
 Presentation By: Jim Demming/John Campbell

BMA Strategic Plan 2005-2006

(CV=Core Value, KSF=Key Success Factor, KSO=Key Strategic Objective)

CV # 2: Integrity

KSF # 4: Stewardship of the Public Funds

KSO # 6: Maintain Excellence in Financial Management

Recommendation:

Approve the initial and detailed bond resolutions authorizing the issuance of General Obligation Bonds in an amount not to exceed \$7,145,000.

Executive Summary:

Attached, for Board and Mayor and Aldermen consideration, is an initial and detailed bond resolution authorizing the City to issue up to \$7,145,000 of General Obligation Bonds to finance the renovation of the existing V.O. Dobbins Community Center and related construction of a Non-Profit Center. This project is included in the FY2009 Capital Improvement Program (CIP).

See attached summary for a more complete explanation.

Attachments

1. Summary Sheet
2. Initial Resolution
3. Detailed Resolution

Funding source appropriate and funds are available: _____

	Y	N	O
Joh	—	—	—
Mallicote	—	—	—
Marsh	—	—	—
Munsey	—	—	—
Shull	—	—	—
Shupe	—	—	—
Phillips	—	—	—

SUPPLEMENTAL INFORMATION Action Form 363-2008

Executive Summary *continued*:

SUBJECT: Consideration of Initial and Detailed Bond Resolutions Authorizing the Issuance of General Obligation Bonds in an Amount not to Exceed \$7,145,000.

The approved FY2009 CIP included funding for the renovation of the V.O. Dobbins Center and construction of a new Non-Profit Center. The total estimated cost of this project is approximately \$9,000,000. Staff has identified funds from existing projects that can be applied to this project thus reducing the amount needed to be provided by this financing to approximately \$7,000,000. The primary portion of these available funds will be transferred from the Higher Education Center Project due to the attainment of a \$1,500,000 Economic Development Administration grant that was awarded subsequent to the financing of that project. Provisions were made in the Higher Education Center's bond documents to utilize any unused proceeds for the V.O. Dobbins project as staff was unsure if the EDA grant would be awarded.

The City is currently seeking funds from entities with New Market Tax Credit (NMTC) allocations in the range of \$1,200,000 to \$2,000,000. If the City is able take advantage of these funds, which is a complex process and may require the City to issue taxable debt, it will reduce the amount needed to be financed. The City's participation in the NMTC process will have to be finalized prior to the issuance of this debt.

Construction of this facility is planned to begin during March 2009.

Due to the nature of the Non-Profit entities that will be using this facility, our bond counsel has advised that these bonds will be issued as private activity bonds in accordance with IRS regulations. Although there will not be any impact on the interest rates, the City will need to comply with the certain public hearing requirements included in these regulations.

It is recommended that the BMA adopt this initial bond resolution and detailed bond resolution that authorize the issuance of these General Obligation Bonds in an amount not to exceed \$7,145,000. The proposed amount of the bond issue includes estimated costs associated with issuing the bonds.

RESOLUTION NO. _____

INITIAL RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$7,145,000 GENERAL OBLIGATION BONDS OF THE CITY OF KINGSPORT, TENNESSEE, TO PROVIDE FUNDING FOR CERTAIN PUBLIC WORKS PROJECTS AND TO FUND THE INCIDENTAL AND NECESSARY EXPENSES RELATED THERETO

WHEREAS, it is necessary and in the public interest of the City of Kingsport, Tennessee (the "Municipality"), to issue its General Obligation Bonds (the "Bonds"), for the purpose of financing certain public works projects, as hereinafter specified.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF KINGSPORT, TENNESSEE:

SECTION 1. That for the purpose of financing a portion of the costs of certain public works projects, consisting of the acquisition of public art; the renovation, construction, expansion, improvement and equipping of the V.O. Dobbins Community Center; and the acquisition of all property real and personal, appurtenant thereto or connected with such work; and to pay legal, fiscal, administrative, and engineering costs, to reimburse the Municipality for the costs of any of the above projects, to pay capitalized interest, and to pay costs incident to the issuance and sale of the Bonds, the issuance of the Bonds of the Municipality in the aggregate principal amount of not to exceed Seven Million One Hundred Forty-Five Thousand Dollars (\$7,145,000) is hereby authorized. The Bonds shall be issued at a date, at a rate or rates of interest not to exceed the maximum rate allowed by law, and upon terms and conditions to be later determined.

SECTION 2. That the principal of, premium, if any, and interest on, the Bonds, shall be payable from funds of the Municipality legally available therefore and to the extent necessary from ad valorem taxes to be levied for such purpose on all taxable property within the corporate limits of the Municipality, without limitation as to time, rate, and amount and for the punctual payment of said principal of, premium, if any, and interest on, the Bonds, the full faith and credit of the Municipality will be irrevocably pledged.

SECTION 3. That the Bonds described and authorized by this Resolution shall be issued pursuant to Title 9, Chapter 21, Tennessee Code Annotated, as amended (the "Act").

SECTION 4. That after the adoption of this Resolution, the City Recorder is directed to cause this Resolution, with the notice prescribed by the Act, to be published in full once in a newspaper published and having general circulation in the Municipality.

SECTION 5. That this Resolution shall take effect from and after its adoption, the welfare of the Municipality requiring it.

Adopted and approved this 18th day of November, 2008.

MAYOR

ATTEST:

APPROVED AS TO FORM:

CITY RECORDER

CITY ATTORNEY

NOTICE

The foregoing Resolution has been adopted. Unless within twenty (20) days from the date of publication hereof a petition, signed by at least ten percent (10%) of the registered voters of the City of Kingsport, Tennessee, shall have been filed with the City Recorder protesting the issuance of the Bonds, such Bonds will be issued as proposed.

STATE OF TENNESSEE)
COUNTIES OF HAWKINS AND)
SULLIVAN)

I, James H. Demming, hereby certify that I am the duly qualified and acting City Recorder of the City of Kingsport, Tennessee (the "Municipality"), and, as such official, I further certify as follows: (1) that attached hereto is a copy of an Initial Resolution excerpted from the minutes of the meeting of the Board of Mayor and Aldermen of said Municipality held on November 18, 2008; (2) that I have compared said copy with the original minute record of said meeting in my official custody; (3) that said copy is a true, correct, and complete transcript from said original record insofar as said original record relates to, among other matters, the authorization of the issuance of not to exceed \$7,145,000 General Obligation Bonds of said Municipality; (4) that the actions by the said Board of Mayor and Aldermen including the aforementioned, at said meeting were promptly and duly recorded by me in a book kept for such purpose; and, (5) that a quorum of the members of said Board of Mayor and Aldermen was present and acting throughout the meeting.

WITNESS my official signature and seal of said Municipality this 18th day of November, 2008.

CITY RECORDER

(SEAL)

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE EXECUTION, TERMS, ISSUANCE, SALE, AND PAYMENT OF NOT TO EXCEED \$7,145,000 GENERAL OBLIGATION BONDS, IN ONE OR MORE SERIES, OF THE CITY OF KINGSPORT, TENNESSEE, AND PROVIDING THE DETAILS THEREOF

WHEREAS, on November 18, 2008, the Board of Mayor and Aldermen (the "Board") of the City of Kingsport, Sullivan and Hawkins Counties, Tennessee (the "Municipality"), adopted an "Initial Resolution Authorizing the Issuance of Not to Exceed \$7,145,000 General Obligation Bonds of the City of Kingsport, Tennessee, to Provide Funding for Certain Public Works Projects and to Fund the Incidental and Necessary Expenses Related Thereto" (the "Initial Resolution"), authorizing and directing, among other things, the issuance by the Municipality of its general obligation bonds for the purpose of financing certain public works projects, consisting of the acquisition of public art; the renovation, construction, expansion, improvement and equipping of the V.O. Dobbins Community Center; and the acquisition of all property real and personal, appurtenant thereto or connected with such work (collectively, the "Project"); and to pay legal, fiscal, administrative, and engineering costs, to reimburse the Municipality for the costs of any of the above projects, to pay capitalized interest, and to pay costs incident to the financing thereof;

WHEREAS, the Recorder of the Municipality published a copy of the Initial Resolution and the Notice required by Section 9-21-206, Tennessee Code Annotated, as amended, in a newspaper of general circulation within the Municipality;

WHEREAS, the Municipality is authorized by Title 9, Chapter 21, Tennessee Code Annotated, as amended, to issue and sell bonds for the purpose of financing the Project;

WHEREAS, the Initial Resolution authorized payment of the principal of, interest on, and the premium, if any, of the bonds from funds of the Municipality legally available therefore and to the extent necessary from ad valorem taxes to be levied for such purpose on all taxable property within the corporate limits of the Municipality, without limitation as to time, rate, or amount;

WHEREAS, the Board finds that it is necessary and desirable to issue not to exceed \$7,145,000 General Obligation Bonds, in one or more series (the "Bonds"), for the purpose of financing the costs of the Project, reimbursing the Municipality, paying capitalized interest, and paying costs incident to the financing thereof;

WHEREAS, it is necessary to authorize an official statement in connection with the issuance of the Bonds; and,

WHEREAS, it is now, therefore, necessary and desirable to provide for the execution, terms, issuance, sale, and payment of the Bonds:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF KINGSPORT, TENNESSEE, AS FOLLOWS:

Section 1. Authority. The Bonds herein authorized shall be issued pursuant to Title 9, Chapter 21, Tennessee Code Annotated, as amended, and other applicable provisions of law.

Section 2. Definitions. Without limiting any other definitions of terms and words in other sections of this Resolution, the following words and terms shall have the meanings indicated unless otherwise plainly apparent from the context:

“Act” shall mean Title 9, Chapter 21, Tennessee Code Annotated, as amended.

“Authorized Representative of the Municipality” means the then Mayor, the then Recorder, or the then Treasurer, of the Municipality, authorized by resolution or by law to act on behalf of and bind the Municipality.

“Board” means the Board of Mayor and Aldermen of the Municipality.

“Bond”, means individually, and “Bonds” means collectively, the General Obligation Bonds of the Municipality, authorized to be issued by this Resolution of the Board.

“Bond Counsel” means an attorney or firm of attorneys recognized as having experience in matters relating to the issuance of municipal obligations.

“Bondholder”, “Owner”, or any similar term, when used with reference to the Bonds, means any Person who shall be the registered owner of any then Outstanding Bond or Bonds.

“City Attorney” means the duly appointed City Attorney of the Municipality, or his or her successors.

“Closing Date” means the date of sale, delivery, and payment of the Bonds.

“Code” means the United States Internal Revenue Code of 1986, as amended, and the applicable regulations of the United States Department of the Treasury promulgated thereunder, as in effect on the date of issuance of the Bonds, and as hereafter amended, supplemented, or revised insofar as such amendments, supplements, or revisions shall pertain to or effect the Bonds.

“Continuing Disclosure Certificate” shall mean that certain Continuing Disclosure Certificate executed by the Municipality and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“DTC” means The Depository Trust Company, New York, New York.

“Government Obligations” means any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of Federal agencies to the extent unconditionally guaranteed by the United States of America, which Bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

“Interest Payment Date” means each date on which interest shall be payable on any of the Bonds, according to their respective terms so long as any of the Bonds shall be Outstanding.

“Mayor” means the duly elected, qualified, and acting Mayor of the Municipality, or his or her successors.

“Outstanding,” “Bonds Outstanding,” or “Outstanding Bonds” means, as of a particular date, all Bonds issued and delivered and authenticated under this Resolution except: (1) any Bond paid or redeemed or otherwise canceled by the Municipality at or before such date; (2) any Bond for the payment of which cash, equal to the principal amount thereof with interest to date of maturity, shall have theretofore been deposited prior to maturity by the Municipality for the benefit of the Owner thereof; (3) any Bond in lieu of or in substitution for which another Bond shall have been delivered and authenticated pursuant to this Resolution, unless proof satisfactory to the Municipality is presented that any Bond, for which a Bond in lieu of or in substitution therefore shall have been delivered, is held by a bona fide purchaser, as that term is defined in Article 8 of the Uniform Commercial Code of the State, as amended, in which case both the Bond in lieu of or in substitution for which a new Bond has been delivered and such new Bond so delivered therefore shall be deemed Outstanding; and, (4) any Bond deemed paid under the provisions of this Resolution, except that any such Bond shall be considered Outstanding until the maturity thereof only for the purposes of being exchanged, transferred, or registered.

“Person” means an individual, partnership, corporation, trust, or unincorporated organization, or a governmental entity or agency or political subdivision thereof.

“Principal Payment Date” means each date on which principal shall be payable on any of the Bonds, according to their respective terms so long as any of the Bonds shall be Outstanding.

“Recorder” means the duly appointed, qualified, and acting Recorder of the Municipality, or his or her successors.

“Registration Agent” means Regions Bank, or its successor, or successors hereafter appointed in the manner provided in this Resolution.

“Resolution” means this Resolution, as supplemented and amended.

“State” means the State of Tennessee.

“Treasurer” means the duly appointed, qualified, and acting Treasurer of the Municipality, or his or her successors.

Section 3. Authorization. For the purpose of providing funds to finance the Project, to reimburse the Municipality, to pay capitalized interest, to pay legal, fiscal, administrative, and engineering costs, and to pay costs incident to the financing thereof, there is hereby authorized to be issued general obligation school and public improvement bonds of the Municipality, in one or more series, in the aggregate principal amount of not to exceed Seven Million One Hundred Forty-Five Thousand Dollars (\$7,145,000), or such lesser aggregate amount as may be determined by the Authorized Representatives of the Municipality executing the Bonds. No Bonds may be issued under the provisions of this Resolution except in accordance herewith.

Section 4. Form of Bonds; Execution. (a) The Bonds, or any series thereof, are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. All Bonds issued under this Resolution shall be substantially in the form set forth in Exhibit "A" attached hereto, and by this reference incorporated herein as fully as though copied, with such appropriate variations, omissions, and insertions as are permitted or required by this Resolution, the blanks therein to be appropriately completed when the Bonds are prepared, and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto or as otherwise desired by the Municipality. Each series of Bonds shall be numbered consecutively from one upwards.

(b) The Bonds shall be executed in such manner as may be prescribed by applicable law in the name, and on behalf, of the Municipality with the manual or facsimile signature of the Mayor and attested with the manual or facsimile signature of the Recorder, and with the official seal, or a facsimile thereof, of the Municipality impressed or imprinted thereon, and shall be approved as to form by the manual or facsimile signature of the City Attorney. The Bonds shall not be valid for any purpose unless authenticated by the manual signature of an officer of the Registration Agent on the certificate set forth on the Bonds.

(c) In the event any officer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such manual or such facsimile signature shall nevertheless be valid and sufficient for all purposes as if he or she had remained in office until such delivery. Any Bond may bear the facsimile signature of, or may be manually signed by, such individuals who, at the actual time of the execution of such Bond, were the proper officers of the Municipality to sign such Bond, although on the respective dates of the adoption by the Municipality of this Resolution, such individuals may not have been such officers.

Section 5. Maturities, Interest Rates, Payment, and Certain Other Provisions of Bonds. (a) The Bonds shall be issued in one or more series, and subject to the adjustments permitted under Section 19 hereof shall be known as "General Obligation Bonds," shall be dated as of the date of issuance and delivery, and shall have such series designation or other dated date as shall be determined by the Mayor pursuant to Section 19 hereof. The Bonds shall be issued at a date, at a rate or rates of interest not to exceed the maximum rate allowed by law, and upon terms and conditions to be determined. The Bonds shall bear interest from the date thereof at a rate or rates to be hereafter determined by the Municipality when said Bonds, or any series

thereof, are sold, but not exceeding the maximum rate allowed by law, such interest being payable (subject to the adjustments permitted under Section 19 hereof) semi-annually on the first day of March and September of each year, commencing September 1, 2009. Subject to the adjustments permitted pursuant to Section 19 hereof, the Bonds shall mature serially or be subject to mandatory redemption and be payable on March 1 of each year, subject to prior optional redemption, as hereinafter provided, either serially or through mandatory redemption, in the years 2011 through 2029, inclusive.

In the event that any amount payable on any Bond as interest shall at any time exceed the rate of interest lawfully chargeable thereon under applicable law, then any such excess shall, to the extent of such excess, be applied against the principal of such Bond as a prepayment thereof without penalty, and such excess shall not be considered to be interest. 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.

The principal of, and the premium, if any, and all installments of interest on, any Bond shall bear interest from and after their respective due dates at a rate of interest equal to the rate of interest payable on the principal of such Bond.

(b) Interest on the Bonds shall be payable by check or other form of draft of the Registration Agent deposited by the Registration Agent in the United States mail, first class postage prepaid, in sealed envelopes, addressed to the Owners of such Bonds, as of the applicable Interest Payment Date, at their respective addresses as shown on the registration books of the Municipality maintained by the Registration Agent as of the close of business on the fifteenth (15th) calendar day of the month next preceding the applicable Interest Payment Date (the "Regular Record Date"). The principal or redemption price, if any, of all Bonds shall be payable upon presentation and surrender of such Bonds at the principal corporate trust office of the Registration Agent. All payments of the principal of, premium, if any, and interest on, the Bonds shall be made in any coin or currency of the United States of America which, on the date of payment thereof, shall be legal tender for the payment of public and private debts.

(c) Any interest on any Bond which is payable but is not punctually paid or duly provided for on any Interest Payment Date on which interest is due (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the Owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by check or other form of draft of the Registration Agent to the persons in whose names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Municipality shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the Municipality shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangement 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) calendar 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) calendar days prior to the date of the proposed payment to the 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) calendar 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 Owner at the address thereof as it appears in the registration books of the Municipality maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Bonds shall impair any statutory or other rights in law or in equity of any Owner arising as a result of the failure of the Municipality to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on, the Bonds when due.

(d) The Bonds will be made eligible for processing by DTC. The Bonds in the form of one global Bond for each maturity need not be lithographed or printed on steel engraved or printed borders. Except as otherwise provided in this Section, the Bonds shall be registered in the name of Cede & Co. as nominee of DTC. The Municipality may discontinue use of DTC as depository for the Bonds at any time upon determination by the Municipality that the use of DTC is no longer in the best interest of the beneficial owners of the Bonds. Registered ownership of the Bonds may be transferred on the registration books maintained by the Registration Agent and the Bonds may be delivered in physical form to the following:

(i) any successor of DTC or its nominee;

(ii) any substitute depository upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the Municipality that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; or,

(iii) any Person, upon (a) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository, or (b) termination by the Municipality of the use of DTC (or substitute depository or its successor).

(e) The Registration Agent is hereby authorized to take such actions as may be necessary from time to time to qualify and maintain the Bonds for deposit with DTC, including, but not limited to, wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. The Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this subsection (e) of this Section 5.

Section 6. Redemption. (a) Subject to the adjustments permitted under Section 19 hereof, the Bonds maturing March 1, 2011, through March 1, 2019, are not subject to redemption prior to maturity. The Bonds maturing on and after March 1, 2020, are subject to redemption prior to maturity on March 1, 2019, and at any time thereafter, at the option of the Municipality, as a whole or in part, in integral multiples of \$5,000 (less than all Bonds of a single maturity to

be selected by lot by the Registration Agent), at the price of par, plus accrued interest to the date fixed for redemption.

(b) Notice of intended redemption shall be given by the Registration Agent on behalf of the Municipality to the Owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the registration books kept by the Registration Agent. Notice of intended redemption shall be given not less than thirty (30) calendar days, nor more than sixty (60) calendar days prior to the date fixed for redemption. Each such notice of redemption shall state: (1) the redemption date; (2) the redemption price; (3) if less than all Outstanding Bonds are to be redeemed, the registered number and the CUSIP number printed on the Bonds (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed; (4) that on the redemption date, the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date provided sufficient funds are available on such redemption date to fully pay the redemption price of and the interest on the Bonds called for redemption; and, (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Registration Agent. Neither failure to mail any such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which notice was correctly given.

(c) If notice of redemption shall have been given in the manner and under the conditions provided herein and if on the date so designated for redemption the Registration Agent shall hold sufficient monies to pay the redemption price of, and interest to the redemption date on, the Bonds to be redeemed as provided in this Resolution, then: (1) the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date; (2) interest on the Bonds so called for redemption shall cease to accrue; and, (3) such Bonds shall no longer be Outstanding or secured by, or be entitled to, the benefits of this Resolution, except to receive payment of the redemption price thereof and interest thereon from monies then held by the Registration Agent.

(d) Prior to any redemption date, the Municipality shall deposit with the Registration Agent an amount of money sufficient to pay the redemption price of all of the Bonds or portions of Bonds which are to be redeemed on that date.

(e) If on the redemption date, monies for the redemption of all Bonds or portions thereof to be redeemed, together with interest thereon to the redemption date, shall not be held by the Registration Agent so as to be available therefor on such date, the Bonds or portions thereof so called for redemption shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption and shall continue to be secured by and be entitled to the benefits of this Resolution.

(f) In case any Bond is of a denomination larger than \$5,000, a portion of such Bond - \$5,000 or any integral multiple thereof - may be redeemed, but Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. In selecting Bonds for redemption, the Municipality shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000. If part but not all of a

Bond shall be selected for redemption, the Owner thereof or his, her, or its legal representative shall present and surrender such Bond to the Registration Agent for payment of the principal amount thereof so called for redemption and the premium, if any, on such principal amount thereof so called for redemption, and the Municipality shall execute and the Registration Agent shall authenticate and deliver to such Owner or legal representative, without charge therefor, for the unredeemed portion of the Bond surrendered, a Bond or Bonds of the same maturity, bearing the same interest rate, and of authorized denomination or denominations.

Section 7. Negotiability of Bonds. All Bonds issued under this Resolution shall be negotiable, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds.

Section 8. Registration Books and Registration Agent. (a) The Municipality hereby appoints Regions Bank as registration agent and paying agent (the "Registration Agent") with respect to the Bonds and authorizes the Registration Agent so long as any of the Bonds shall remain Outstanding, to maintain at the principal corporate trust office of the Registration Agent, books for the registration and transfer of the Bonds on behalf of the Municipality. The Registration Agent shall register in such books and permit to be transferred thereon, under such reasonable regulations as it may prescribe, any Bond entitled to registration or transfer and to authenticate and deliver the Bonds either at original issuance, upon transfer, or as otherwise directed by the Municipality. The Registration Agent is authorized to make all payments of principal, interest, and redemption premium, if any, with respect to the Bonds.

(b) The Registration Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by a written instrument of acceptance executed and delivered to the Recorder prior to or on the Closing Date.

Section 9. Exchange of Bonds. Bonds upon surrender thereof at the principal corporate trust office of the Registration Agent, together with an assignment of such Bonds duly executed by the Owner thereof, or his, her, or its attorney or legal representative, may be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of any denomination or denominations authorized by this Resolution, and bearing interest at the same rate as the Bonds surrendered for exchange.

Section 10. Transfer of Bonds. (a) Each Bond shall be transferable only on the registration books maintained by the Registration Agent at the principal corporate trust office of the Registration Agent, upon the surrender for cancellation thereof at the principal corporate trust office of the Registration Agent, together with an assignment of such Bond duly executed by the Owner thereof or his, her, or its attorney or legal representative, and upon payment of the charges hereinafter provided, and subject to such other limitations and conditions as may be provided therein or herein. Upon the cancellation of any such Bond, the Registration Agent shall, in exchange for the surrendered Bond or Bonds, deliver in the name of the transferee or transferees a new Bond or Bonds of authorized denominations, of the same aggregate principal amount and maturity and rate of interest as such surrendered Bond or Bonds, and the transferee or transferees shall take such new Bond or Bonds subject to all of the conditions herein contained.

(b) The Municipality and the Registration Agent may deem and treat the Person in whose name any Bond shall be registered upon the registration books maintained by the Registration Agent as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal or redemption price of, and the interest on, such Bond and for all other purposes. All such payments so made to the registered Owner thereof shall be valid and effectual to satisfy and discharge the liability of the Municipality or the Registration Agent upon such Bond to the extent of the sum or sums so paid. Neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary.

Section 11. Regulations with Respect to Exchanges and Transfers. (a) In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Municipality shall execute, and the Registration Agent shall deliver, Bonds in accordance with the provisions of this Resolution. For every exchange or transfer of Bonds, whether temporary or definitive, the Municipality and the Registration Agent may make a charge, unless otherwise herein to the contrary expressly provided, sufficient to pay for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer.

(b) Neither the Municipality nor the Registration Agent shall be obligated to exchange or transfer any Bond during the fifteen (15) calendar days next preceding an Interest Payment Date or the first mailing of any notice of redemption or with respect to any Bond, after such Bond has been called for redemption.

Section 12. Mutilated, Lost, Stolen, or Destroyed Bonds. (a) In the event any Bond is mutilated, lost, stolen, or destroyed, the Municipality may execute, and upon the request of an Authorized Representative of the Municipality and the Registration Agent shall deliver, a new Bond of like maturity, interest rate, and principal amount, and bearing the same number (but with appropriate designation indicating that such new Bond is a replacement Bond) as the mutilated, destroyed, lost, or stolen Bond, in exchange for the mutilated Bond or in substitution for the Bond so destroyed, lost, or stolen. In every case of exchange or substitution, the Bondholder shall furnish to the Municipality and the Registration Agent: (1) such security or indemnity as may be required by an Authorized Representative of the Municipality to save the Municipality and the Registration Agent harmless from all risks, however remote; and, (2) evidence to their satisfaction of the mutilation, destruction, loss, or theft of the subject Bond and the ownership thereof. Upon the issuance of any Bond upon such exchange or substitution, an Authorized Representative of the Municipality and the Registration Agent may require the Owner thereof to pay a sum sufficient to defray any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including printing costs and counsel fees, of the Municipality and the Registration Agent. In the event any Bond which has matured or is about to mature shall become mutilated or be destroyed, lost, or stolen, an Authorized Representative of the Municipality may, instead of issuing a Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the Owner thereof shall pay all costs and expenses, including attorneys fees, incurred by the Municipality and the Registration Agent in connection therewith, as well as a sum sufficient to defray any tax or other governmental charge that may be imposed in relation thereto and shall furnish to the Municipality and the Registration Agent such security or indemnity as an

Authorized Representative of the Municipality and the Registration Agent may require to save the Municipality and the Registration Agent harmless and evidence to the satisfaction of an Authorized Representative of the Municipality and the Registration Agent, of the mutilation, destruction, loss, or theft of such Bond and of the ownership thereof.

(b) Every Bond issued pursuant to the provisions of this Section shall constitute an additional contractual obligation of the Municipality (whether or not the destroyed, lost, or stolen Bond shall be found at any time to be enforceable) and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Bonds duly issued under this Resolution.

(c) All Bonds shall be held and owned upon the express condition that the provisions of this Section are exclusive, with respect to the replacement or payment of mutilated, destroyed, lost, or stolen Bonds, and, to the maximum extent legally permissible, shall preclude all other rights or remedies, notwithstanding any law or statute now existing or hereafter enacted to the contrary.

Section 13. Authentication. Only such of the Bonds as shall have endorsed thereon a certificate of authentication, substantially in the form set forth in Exhibit "A" hereto duly executed by the Registration Agent shall be entitled to the rights, benefits, and security of this Resolution. No Bond shall be valid or obligatory for any purpose unless, and until, such certificate of authentication shall have been duly executed by the Registration Agent. Such executed certificate of authentication by the Registration Agent upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution as of the date of authentication. The certificate of authentication of the Registration Agent on any Bond shall be deemed to have been duly executed if manually signed by an authorized officer of the Registration Agent, but it shall not be necessary that the same officer sign and date the certificate of authentication on all Bonds that may be issued hereunder.

Section 14. Permitted Acts and Functions of Registration Agent. The Registration Agent may become the Owner of any Bonds, with the same rights as it would have if it were not a Registration Agent.

Section 15. Resignation or Removal of the Registration Agent and Appointment of Successors. (a) The Registration Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least sixty (60) calendar days' written notice to the Recorder; provided, however, until a successor Registration Agent is appointed the Registration Agent shall continue to carry out the duties and obligations of the Registration Agent created by this Resolution. The Registration Agent may be removed at any time by resolution of the Municipality filed with such Registration Agent. Any successor Registration Agent shall be appointed by resolution of the Municipality and shall be a trust company or a bank having the powers of a trust company, having, at the time of such appointment, a combined capital, surplus, and undivided profits aggregating at least Fifty Million Dollars (\$50,000,000), and be willing and able to accept the office of Registration Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

(b) In the event of the resignation or removal of the Registration Agent, such Registration Agent shall pay over, assign, and deliver any monies held by it as Registration Agent, and all books and records held by it as Registration Agent, to its successor, or if there be no successor then appointed, to the Recorder until such successor be appointed.

Section 16. Merger or Consolidation of Registration Agent. Any corporation or association into which the Registration Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole, or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a party shall be and become successor Registration Agent hereunder and shall be vested with all the trusts, powers, discretion, immunities, privileges, and other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein contained to the contrary notwithstanding.

Section 17. Source of Payment and Security. The Bonds, including the principal thereof, the premium, if any, and the interest thereon, shall be payable from funds of the Municipality legally available therefor and to the extent necessary from ad valorem taxes to be levied for such purpose on all taxable property within the corporate limits of the Municipality without limitation as to time, rate, or amount. Said Bonds shall be a direct general obligation of the Municipality, for which the punctual payment of the principal of, premium, if any, and interest on the Bonds the full faith and credit of the Municipality is hereby irrevocably pledged.

Section 18. Levy of Taxes. For the purpose of providing for the payment of the principal of, premium, if any, and interest on, the Bonds, to the extent necessary, there shall be levied in each year in which such Bonds shall be outstanding a direct tax on all taxable property in the Municipality, fully sufficient, to pay all such principal and interest falling due prior to the time of collection of the next succeeding tax levy. Said tax shall be assessed, collected, and paid at the time, and in the same manner, as the other taxes of said Municipality, shall be in addition to all other taxes, and shall be without limitation as to time, rate, or amount. The Board of the Municipality is required by law and shall and does hereby pledge to levy such tax. Principal, premium, if any, and interest, or any of the foregoing, falling due at any time when there shall be insufficient funds on hand from such tax levy for the payment thereof shall be paid from the General Fund or other available funds of the Municipality, but reimbursement therefor may be made from the taxes herein provided when the same shall have been collected. Such taxes levied and collected therefor shall be deposited in General Fund of the Municipality, and used for the payment of principal and interest on the Bonds as the same shall become due.

Section 19. Sale of Bonds. (a) The Bonds shall be sold at public sale (the "Public Sale") in the manner provided by law, in one or more series, at a price of not less than ninety-nine percent (99%) of par, as a whole or in part from time to time as shall be determined by the Mayor, in consultation with Morgan Keegan & Company, Inc. Nashville, Tennessee, the Municipality's financial advisor (the "Financial Advisor"). The Bonds, or any series thereof, 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 the Financial Advisor.

(b) If the Bonds are sold in more than one series, the Mayor is authorized to cause to be sold in each series an aggregate principal amount of Bonds less than that shown authorized in Section 3 hereof for each series, and to make corresponding adjustments to the maturity dates of each series designated in Section 5 hereof; provided, however, that the total aggregate principal amount of all series issued does not exceed the total aggregate amount of Bonds authorized to be issued hereunder.

(c) The Mayor is further authorized:

(1) to change the dated date of the Bonds or any series thereof;

(2) to specify the series designation of the Bonds, or any series thereof, to a designation;

(3) to change the first interest payment date on the Bonds, or any series thereof, to a date other than September 1, 2009, provided that such date is not later than twelve months from the dated date of such series of Bonds;

(4) to adjust the principal and interest payment dates and determined maturity or mandatory redemption amounts of the Bonds, or any series thereof, provided that (i) the total principal amount of all series of Bonds does not exceed the total amount of Bonds authorized herein, (ii) the first maturity date of the Bonds, or any series thereof, is a date not earlier than March 1, 2011, and (iii) the final maturity date of each series of Bonds shall not exceed twenty (20) fiscal years from the dated date of its series;

(5) to change the optional redemption provisions of the Bonds, provided that the premium amount to be paid on Bonds, or any series thereof, does not exceed two percent (2%) of the principal amount thereof;

(6) to sell the Bonds, or any series thereof, or any maturities thereof, as term bonds with mandatory redemption requirements as determined by the Mayor, as the Mayor shall deem most advantageous to the Municipality; and,

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

(d) The Mayor of the Municipality is authorized to sell the Bonds, or any series thereof, simultaneously with any other bonds or notes authorized by resolution or resolutions of the Board. The Mayor is further authorized to sell the Bonds, or any series thereof, as a single issue of bonds with any other bonds with substantially similar terms authorized by resolution or resolutions of the Board, in one or more series, as the Mayor shall deem to be advantageous to the Municipality, and in doing so, the Mayor is authorized to change the designation of the

Bonds to a designation other than “General Obligation Bonds”; provided, however, that the total aggregate principal amount of combined bonds to be sold does not exceed the total aggregate principal amount of Bonds authorized by this Resolution or bonds authorized by other resolution or resolutions adopted by the Board.

(e) The Mayor is authorized to award the Bonds, or any series thereof, in each case to the bidder whose bid results in the lowest true interest cost to the Municipality, provided the rate or rates on the Bonds does not exceed the maximum rate allowed by law. The award of the Bonds by the Mayor to the lowest bidder shall be binding on the Municipality, and no further action of the Board with respect thereto shall be required. The form of the Bond attached hereto as Exhibit A, shall be conformed to reflect any changes made pursuant to this Section.

(f) The Mayor and the Recorder are authorized to cause the Bonds to be authenticated and delivered to the successful bidder and to execute, publish, and deliver all certificates and documents, including an official statement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Bonds. Notice of such Public Sale shall be given in accordance with the provisions of the Act. The Mayor and Recorder are hereby authorized to enter into a contract with the Financial Advisor, for financial advisory services in connection with the sale of the Bonds.

Section 20. Approval of Preliminary Official Statement and Official Statement. (a) The Mayor, the Recorder, and the City Manager, or any of them, working with the Financial Advisor, are hereby authorized to cause the preparation and distribution, which may include electronic distribution, of a Preliminary Official Statement in connection with the sale of the Bonds in such form and containing such information as the Mayor shall determine appropriate and consistent with the terms of this Resolution and to deem the Preliminary Official Statement final for the purpose of Securities and Exchange Commission Rule 15c(2)(12).

(b) The Board hereby authorizes an Official Statement of the Municipality substantially in the form of the Preliminary Official Statement relating to the Bonds, with such modifications thereto as the Mayor and the Recorder approve. The Mayor and Recorder are hereby authorized and directed to execute copies of said Official Statement and to deliver said Official Statement to the purchaser of such Bonds, which execution and delivery shall be conclusive evidence of the approval of any such modifications; and the Board hereby consents to the lawful use of said Official Statement and the information contained therein in connection with the public offering and sale of the Bonds by the initial purchaser of such Bonds. The Mayor and the Recorder are authorized to deem the Official Statement final for the purpose of Securities and Exchange Commission Rule 15(c)(2)(12).

(c) 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 pricing and other information.

Section 21. Disposition of Bond Proceeds and Other Funds. The proceeds of the sale of the Bonds and certain other funds shall be used and applied as follows:

(a) Accrued interest, if any, shall be paid to the official of the Municipality designated by law as the custodian of the funds thereof and used to pay interest on the Bonds on the first Interest Payment Date following delivery of the Bonds.

(b) The proceeds from the sale of the Bonds (including premium, if any, received) shall be paid to the official of the Municipality designated by law as the custodian of the funds thereof to be deposited in a special fund, which is hereby authorized to be created, to be known as the "General Obligation Bonds, Series 2009B, Project Fund," or such other series designation as shall be determined by the Mayor (the "Project Fund"), to be kept separate and apart from all other funds of the Municipality. The funds in the Project Fund shall be disbursed solely to pay the costs of the Project, to reimburse the Municipality, to pay capitalized interest, and to pay costs incurred in connection with the issuance of the Bonds, including necessary legal, accounting, engineering, and fiscal expenses, printing, advertising, and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds and the financing of the Project. Monies in the Project Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any. Monies in the Project Fund shall be expended only for the purposes authorized by this Resolution. Monies if any, remaining in the Project Fund upon completion of the purposes authorized by this Resolution shall be transferred to the Bond Fund and used to pay principal of and interest on the Bonds. Monies in the Project Fund may be invested as directed by an Authorized Representative of the Municipality in any investment authorized for municipal funds under the applicable laws of the State of Tennessee. All income derived from such investments shall be deposited in the Bond Fund and used to pay principal and interest on the Bonds, unless, by resolution, the Municipality directs retention of such earning in the Project Fund to pay the costs of the Project.

(c) Any amounts remaining from the principal proceeds of the sale of the Bonds shall be used for the purpose of paying the costs incurred in connection with the issuance of the Bonds.

Section 22. Reimbursement Provisions. The Municipality is in the process of causing certain capital expenditures to be made with respect to the Project, including, but not necessarily limited to, planning, design, and architectural expenses, and the Municipality desires to establish its official intent that certain of the expenditures related to the Project and certain other related expenditures be reimbursed from the proceeds of the Bonds. Therefore, the Board of the Municipality finds and determines, as follows:

(a) that it is in the best interest of the Municipality to proceed immediately with the Project, thereby incurring certain capital expenditures;

(b) that the Municipality has certain funds available which may be used temporarily for this purpose, pending the issuance of the Bonds;

(c) that pursuant to the provisions of this Resolution, the Board anticipates that the Municipality will issue the Bonds for the purpose of financing the Project;

(d) that the Board reasonably expects to reimburse such amounts to such fund or source from which such expenditures may be made on a temporary basis as soon as proceeds from the issuance of such Bonds are available; and,

(e) that this declaration of official intent is consistent with the budgetary and financial circumstances of the Municipality.

The Board of the Municipality by this Resolution hereby establishes its official intent to issue the Bonds to finance the costs of the Project and other related expenditures in an amount not to exceed \$7,145,000. Pending the issuance of such Bonds, funds necessary to finance such costs shall be advanced from such source of funds on hand and available for such purpose, and any amounts so advanced shall be reimbursed from the proceeds of the Bonds.

Section 23. Non-Arbitrage Certification. The Municipality certifies and covenants with the Owners of any series of tax-exempt Bonds issued hereunder that so long as the principal of any Bond remains unpaid, monies on deposit in any fund or account in connection with the Bonds, whether or not from any other source, will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Municipality reserves the right, however, to make any investment of such monies permitted by Tennessee law and this Resolution if, when and to the extent that said Section 148 or regulations promulgated thereunder shall be repealed or relaxed or shall be held void by final decision of a court of competent jurisdiction, but only if any investment made by virtue of such repeal, relaxation, or decision would not, in the opinion of Bond Counsel, result in making the interest on the Bonds subject to federal income taxation.

The Municipality covenants that it shall comply with Section 148(f) of the Code, unless legally exempted therefrom, and the Municipality represents that in the event it shall be required by Section 148(f) of the Code to pay "Rebatable Arbitrage," as such term is defined and used in the Code, pursuant to the Code, to the United States Government, it will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Bonds from becoming subject to inclusion in the gross income of the Owners of the Bonds for purposes of federal income taxation.

Section 24. Continuing Disclosure. The Municipality hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the Municipality to comply with the Continuing Disclosure Certificate shall not be considered an event of default; however, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Municipality to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding

Bonds through nominees, depositories or other intermediaries), or (b) is treated as the Owner of any Bonds for federal income tax purposes.

Section 25. Amendments. After the issuance of the Bonds, no change, variation, or alteration of any kind in the provisions of this Resolution shall be made in any manner, until such time as all of the principal of and interest on the Bonds shall have been paid in full unless the consent of all of the Owners of all the Outstanding Bonds have been obtained; provided, however, that the Municipality is hereby authorized to make such amendments to this Resolution as will not impair the rights of the Bondholders. The laws of the State of Tennessee shall govern this Resolution.

Section 26. No Action to be Taken Affecting Validity of the Bonds. The Board hereby covenants and agrees that it will not take any action, that would in any manner affect the validity of the Bonds or limit the rights and remedies of the Owners from time to time of such Bonds or affect the exclusion of interest thereon from the gross income of the owners thereof for purposes of federal income taxation.

Section 27. Discharge and Satisfaction of Bonds. If the Municipality shall pay and discharge the entire indebtedness evidenced by any of the Bonds in any one or more of the following ways:

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

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

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

If the Municipality shall also pay or cause to be paid all other sums payable hereunder by the Municipality with respect to such Bonds, or make adequate provision therefor, and by resolution of the Board instruct any such Trustee to pay amounts when and as required to the Registration Agent for the payment of principal of, premium, if any, and interest on, such Bonds when due, then and in that case indebtedness evidenced by such Bonds shall be discharged and satisfied, and all covenants, agreements, and obligations of the Municipality to the owners of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate, and become void.

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

Except as otherwise provided in this Section neither Government Obligations nor monies deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on, said Bonds; provided that any cash received from such principal or interest payments on such Government Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Municipality as received by the Registration Agent, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal of, premium, if any, and interest, to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Municipality, as received by the Registration Agent.

Nothing contained in this Section shall be construed to alter or change the redemption provisions set forth herein. No redemption privilege shall be exercised with respect to the Bonds except at the option and election of the Municipality. The optional right of redemption shall not be exercised by the Registration Agent unless expressly so directed by an Authorized Representative of the Municipality.

Section 28. Miscellaneous Acts. The Mayor, the Recorder, the Treasurer, the City Manager, and the City Attorney, and all other appropriate officials of the Municipality are hereby authorized, empowered, and directed to do any and all such acts and things, and to execute, acknowledge, and deliver all such documents, instruments, and certifications, specifically including but not limited to, entering into an agreement with the Financial Advisor to provide financial advisory services for the Municipality and services related to the issuance, sale, and delivery of the bonds, and making arbitrage certifications, in addition to those acts, things, documents, instruments, and certifications hereinbefore authorized and approved, as may in their discretion, be necessary or desirable to implement or comply with the intent of this Resolution; or any of the documents herein authorized and approved, or for the authorization, issuance, and delivery of the Bonds. The Municipality hereby appoints and authorizes the Mayor or the City Manager to conduct a public hearing in accordance with and pursuant to terms and provisions of Section 147(f) of the Code in connection with the issuance of the Bonds.

Section 29. Failure to Present Bonds. (a) In the event any Bond shall not be presented for payment when the principal becomes due at maturity and in the event monies sufficient to pay such Bond shall be held by the Registration Agent for the benefit of the Owner thereof, all liability of the Municipality to such Owner for the payment of such Bond shall forthwith cease, terminate, and be completely discharged. Thereupon, the Registration Agent shall hold such monies, without liability for interest thereon, for the benefit of the Owner of such Bond who

shall thereafter be restricted exclusively to such monies for any claim under the Resolution or on, or with respect to, said Bond.

(b) If any Bond shall not be presented for payment within a period of five years following the date when such Bond becomes due, whether by maturity or otherwise, the Registration Agent shall, subject to the provisions of any applicable escheat or other similar law, pay to the Treasurer or the official of the Municipality designated by law as the custodian of such funds, any monies then held by the Registration Agent for the payment of such Bond and such Bond shall (subject to the defense of any applicable statute of limitation) thereafter constitute an unsecured obligation of the Municipality.

Section 30. Payments Due on Saturdays, Sundays, and Holidays. In any case where the date of maturity or interest on or principal of any Bond shall be a Saturday or Sunday or shall be, at the place designated for payment, a legal holiday or a day on which banking institutions similar to the Registration Agent are authorized by law to close, then the payment of the interest on, or the principal of such Bonds need not be made on such date but must be made on the next succeeding day not a Saturday, Sunday, or a legal holiday or a day upon which banking institutions similar to the Registration Agent are authorized by law to close, with the same force and effect as if made on the date of maturity and no interest shall accrue for the period after such date.

Section 31. No Recourse Under Resolution or on Bonds. All stipulations, promises, agreements, and obligations of the Municipality contained in the Initial Resolution or this Resolution shall be deemed to be the stipulations, promises, agreements, and obligations of the Municipality and not of any officer, director, or employee of the Municipality in his or her individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on the Initial Resolution or this Resolution against any officer, director, or employee of the Municipality or against any official or individual executing the Bonds.

Section 32. Partial Invalidity. If any one or more of the provisions of this Resolution, or of any exhibit or attachment thereto, shall be held invalid, illegal, or unenforceable in any respect, by final decree of any court of lawful jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, or of any exhibit or attachment thereto, but this Resolution, and the exhibits and attachments thereto, shall be construed the same as if such invalid, illegal, or unenforceable provision had never been contained herein, or therein, as the case may be.

Section 33. Severability. If any section, paragraph, or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or enforceability of such section, paragraph, or provision shall not affect any of the remaining provisions hereof.

Section 34. Repeal of Conflicting Resolutions and Effective Date. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflict, hereby repealed and this Resolution shall be in immediate effect from and after its adoption, the welfare of the Municipality requiring it.

Approved and adopted this 18th day of November, 2008.

MAYOR

ATTEST:

APPROVED AS TO FORM:

RECORDER

CITY ATTORNEY

STATE OF TENNESSEE
COUNTIES OF SULLIVAN AND HAWKINS

I, James H. Demming, hereby certify that I am the duly qualified and acting Recorder of the City of Kingsport, Tennessee (the "Municipality"), and, as such official, I further certify as follows: (1) that attached hereto is a copy of a resolution excerpted from the minutes of the meeting of the Board of Mayor and Aldermen (the "Board") of said Municipality held on November 18, 2008; (2) that I have compared said copy with the original minute record of said meeting in my official custody; (3) that said copy is a true, correct, and complete transcript from said original record insofar as said original record relates, to, among other matters, the authorization, issuance, and sale of not to exceed \$7,145,000 General Obligation Bonds of said Municipality; (4) that the actions by said Board including the aforementioned, at said meeting were promptly and duly recorded by me in a book kept for such purposes; and, (5) that a quorum of the members of said Board was present and acting throughout said meeting.

WITNESS my official signature and the seal of said Municipality this 18th day of November, 2008.

RECORDER

(SEAL)

EXHIBIT "A"
FORM OF BOND

Registered
No. _____

Registered
\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTIES OF SULLIVAN AND HAWKINS
CITY OF KINGSPORT
GENERAL OBLIGATION BOND,
SERIES 2009B

Interest Rate: Maturity Date: Dated Date: CUSIP:

Registered Owner: CEDE & CO.

Principal Amount:

THE CITY OF KINGSPORT, TENNESSEE (the "Municipality"), a lawfully organized and existing municipal corporation located in Sullivan and Hawkins Counties, Tennessee, for value received, hereby acknowledges itself indebted and promises to pay, as hereinafter provided, to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, unless this bond shall have been duly called for prior redemption and payment of the redemption price shall have been made or provided for, upon the presentation and surrender hereof at the principal corporate trust office of Regions Bank, or its successor as paying agent and registration agent (the "Registration Agent"), the Principal Amount identified above, in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay interest on said Principal Amount from the date hereof, or such later date as to which interest has been paid, semiannually on March 1 and September 1 of each year (the "Interest Payment Date"), commencing September 1, 2009, to said Registered Owner hereof by check or other form of draft of the Registration Agent mailed to the Registered Owner at the address shown on the registration books of the Municipality, maintained by the Registration Agent, as of the close of business on the fifteenth (15th) calendar day of the month next preceding an Interest Payment Date (the "Regular Record Date"), in like coin or currency at the Interest Rate per annum set forth above until payment of said Principal Amount. Provided, however, that should the Municipality default in the payment of interest on such Interest Payment Date, such defaulted interest (the "Defaulted Interest") shall be payable to the person in whose name this bond is registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest established by notice mailed by the Registration Agent on behalf of the Municipality not less than ten (10) calendar days preceding such Special Record Date by first class mail, postage prepaid, to the Registered Owner hereof at the address thereof as it appears on the registration books of the Municipality maintained by the Registration Agent as of the date of such notice, which notice shall identify the proposed payment of such Defaulted Interest and the Special Record Date therefor.

In the event that any amount payable hereunder as interest shall at any time exceed the rate of interest lawfully chargeable on this bond under applicable law, any such excess shall, to the extent of such excess, be applied against the principal hereof as a prepayment thereof without penalty, and such excess shall not be considered to be interest. 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.

The principal hereof and all installments of interest hereon, shall bear interest from and after their respective due dates at the same rate of interest payable on the principal hereof.

This bond is authorized and issued pursuant to and in full compliance with, the Constitution and the statutes of the State of Tennessee, including, but not limited to, Title 9, Chapter 21, Tennessee Code Annotated, as amended. Section 9-21-117, Tennessee Code Annotated, as amended, provides that this bond and the income therefrom shall be exempt from all state, county, and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes, and except as otherwise provided in said Code.

This bond is one of a series of bonds known as "General Obligation Bonds, Series 2009B" (the "Bonds"), issued by the Municipality in the aggregate principal amount of \$7,145,000. The Bonds, which are issued for the purpose of financing certain public works projects, consisting of the acquisition of public art; the renovation, construction, expansion, improvement and equipping of the V.O. Dobbins Community Center; the acquisition of all property real and personal, appurtenant thereto or connected with such work, to pay legal, fiscal, administrative, and engineering costs, to reimburse the Municipality for the costs of any of the above projects, to pay capitalized interest, and to pay costs incident to the issuance and sale of the Bonds, are authorized by appropriate resolutions of the Board of Mayor and Aldermen and particularly that certain Resolution of the Board of Mayor and Aldermen, adopted on November 18, 2008, entitled "Resolution Authorizing the Execution, Terms, Issuance, Sale, and Payment of Not to Exceed \$7,145,000 General Obligation Bonds, in One or More Series, of the City of Kingsport, Tennessee, and Providing the Details Thereof", as such resolution may be from time to time amended or supplemented in accordance with its terms (such resolution as so amended or supplemented, being herein called the "Resolution"), and is issued pursuant to, and in full compliance with, the Constitution and the statutes of the State of Tennessee, including, but not limited to, Title 9, Chapter 21, Tennessee Code Annotated, as amended (the "Act"). Copies of said Resolution are on file at the office of the Recorder of the Municipality, and reference is hereby made to said Resolution and the Act, for a more complete statement of the terms and conditions upon which the Bonds are issued thereunder, the rights, duties, immunities, and obligations of the Municipality, and the rights of the Registered Owner hereof.

This bond is payable from funds of the Municipality legally available therefor and to the extent necessary from ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality without limitation as to time, rate, or amount. For the prompt payment of this bond, both principal, premium, if any, and interest, as the same shall become due, the full faith, and credit of the Municipality is hereby irrevocably pledged.

The Municipality and the Registration Agent may deem and treat the person or entity in whose name this bond is registered as the absolute owner hereof, whether such bond shall be overdue or not, for the purpose of receiving payment of the principal of, premium, if any, and

interest on, this bond and for all other purposes. All such payments so made shall be valid and effectual to satisfy and discharge the liability upon this bond to the extent of the sum or sums so paid, and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary.

The Bonds are issuable only as fully registered Bonds, without coupons, in the denomination of \$5,000, or any authorized integral multiple thereof. At the principal corporate trust office of the Registration Agent, in the manner and subject to the limitations, conditions, and charges provided in the Bond Resolution, Bonds may be exchanged for an equal aggregate principal amount of fully registered Bonds of the same maturity, of authorized denominations, and bearing interest at the same rate.

The Bonds will be made eligible for processing by DTC. The Bonds in the form of one global bond for each maturity need not be lithographed or printed on steel engraved or printed borders. Except as otherwise provided in this paragraph, the Bonds shall be registered in the name of Cede & Co. as nominee of DTC. The Municipality may discontinue use of DTC as depository for the Bonds at any time upon determination by the Municipality that the use of DTC is no longer in the best interest of the beneficial owners of the Bonds. Registered ownership of the Bonds may be transferred on the registration books maintained by the Registration Agent and the Bonds may be delivered in physical form to the following:

- (i) any successor of DTC or its nominee;
- (ii) any substitute depository upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the Municipality that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; or,
- (iii) any Person, as defined in the Resolution, upon (a) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository, or (b) termination by the Municipality of the use of DTC (or substitute depository or its successor).

Subject to the provisions for registration and transfer contained herein and in the Resolution, this bond shall be transferable by the Registered Owner at the principal office of the Registration Agent upon surrender and cancellation of this bond, and thereupon a new Bond of the same series, principal amount, interest and maturity will be issued to the transferee as provided in the Resolution and upon payment of the transfer charges therein prescribed. Upon any such transfer, the Municipality shall execute and the Registration Agent shall authenticate and deliver in exchange for this bond a new fully registered bond or bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this bond, of the same maturity and bearing interest at the same rate. For every exchange or transfer of bonds, whether temporary or definitive, the Municipality and the Registration Agent may make a charge, unless otherwise herein to the contrary expressly provided, sufficient to pay for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer, all of which taxes, fees, or other governmental charges shall be paid by the person or entity requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Municipality and the Registration Agent, and any other person, may treat

the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment hereof, and for all other purposes, and shall not be affected by any notice to the contrary, whether this bond be overdue or not.

The Bonds maturing March 1, 2011, through March 1, 2019, are not subject to redemption prior to maturity. The Bonds maturing on and after March 1, 2020, are subject to redemption prior to maturity on March 1, 2019, and at any time thereafter, at the option of the Municipality, as a whole or in part, in integral multiples of \$5,000 (less than all Bonds of a single maturity to be selected by lot by the Registration Agent), at the price of par plus accrued interest to the date fixed for redemption.

Notice of intended redemption shall be given by the Registration Agent on behalf of the Municipality to the Registered Owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the registration books kept by the Registration Agent. Notice of intended redemption shall be given not less than thirty (30) calendar days, nor more than sixty (60) calendar days prior to the date fixed for redemption.

This bond shall have all the qualities and incidents of, and shall be a negotiable instrument under, the Uniform Commercial Code of the State of Tennessee, subject only to provisions respecting registration of such bond. This bond is issued with the intent that the laws of the State of Tennessee shall govern its construction.

It is hereby certified, recited, and declared that all acts and conditions required to be done and to exist precedent to, and in the issuance of, this bond in order to make this bond a legal, valid, and binding obligation of the Municipality, have been done, and did exist in due time and form as required by the Constitution and statutes of the State of Tennessee, and that this bond and the issue of which it is a part, together with all other indebtedness of such Municipality, does not exceed any limitation prescribed by the Constitution or statutes of the State of Tennessee.

IN WITNESS WHEREOF, THE CITY OF KINGSPORT, TENNESSEE, by its Board of Mayor and Aldermen has caused this bond to be executed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the Recorder, to have its official seal, or a facsimile thereof, to be impressed or imprinted hereon, and to be approved as to form by the manual or facsimile signature of the City Attorney, all as of _____.

(SEAL)

ATTEST:

RECORDER

MAYOR

APPROVED AS TO FORM:

CITY ATTORNEY

Date of Authentication:

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the provisions of the within mentioned Resolution and is one of the General Obligation Bonds, Series 2009B of the City of Kingsport, Tennessee.

REGIONS BANK,
as Registration Agent

By: _____
Authorized Officer

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-registered Bond and do(es) hereby irrevocably constitute and appoint, attorney, to transfer the same on the registration books of the Registration Agent, with full power of substitution in the premises.

Dated: _____

SIGNATURE GUARANTEED:

SIGNATURE:

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

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.



AGENDA ACTION FORM

Consideration of Initial and Detailed Bond Resolutions Authorizing the Issuance of Local Option Sales Tax Revenue and Tax Bonds in an Amount not to Exceed \$15,305,000

To: Board of Mayor and Aldermen
From: John G. Campbell, City Manager

Action Form No.: AF 364-2008
Work Session: November 17, 2008
First Reading: N/A
Final Adoption: November 18, 2008
Staff Work By: Jim Demming
Presentation By: Jim Demming/John Campbell

BMA Strategic Plan 2005-2006
(CV=Core Value, KSF=Key Success Factor, KSO=Key Strategic Objective)
CV # 2: Integrity
KSF # 4: Stewardship of the Public Funds
KSO # 6: Maintain Excellence in Financial Management

Recommendation:

Approve the initial and detailed bond resolutions authorizing the issuance of Local Option Sales Tax Revenue and Tax Bonds in an amount not to exceed \$15,305,000.

Executive Summary:

Attached, for Board and Mayor and Aldermen consideration, is an initial and detailed bond resolution authorizing the City to issue up to \$15,305,000 of Local Option Sales Tax Revenue and Tax Bonds to finance the construction/equipping of an expansion to the existing MeadowView Conference Center.

See attached summary for a more complete explanation.

Attachments

- 1. Summary Sheet
- 2. Initial Resolution
- 3. Detailed Resolution

Funding source appropriate and funds are available: _____

	Y	N	O
Joh	—	—	—
Mallicote	—	—	—
Marsh	—	—	—
Munsey	—	—	—
Shull	—	—	—
Shupe	—	—	—
Phillips	—	—	—

SUPPLEMENTAL INFORMATION Action Form 364--2008

Executive Summary *continued*:

SUBJECT: Consideration of Initial and Detailed Bond Resolutions Authorizing the Issuance of Local Option Sales Tax Revenue and Tax Bonds in an Amount not to Exceed \$15,305,000

The proposed project consist of construction of a new executive conference facility consisting of a new ballroom, additional meeting rooms, several executive board rooms, additional amphitheatres and related mechanical and public spaces. In addition, a new parking deck facility (approximately 50,000 sf) is proposed as part of this project.

These bonds are proposed to be repaid primarily from and secured by a pledge of the revenues from the .25% local option sales tax that is levied by the City of Kingsport..

It is recommended that the BMA adopt this initial bond resolution and detailed bond resolution which authorize the issuance of the Local Option Sales Tax Revenue and Tax Bonds in an amount not to exceed \$15,305,000. The proposed amount of the bond issue includes estimated costs associated with issuing the bonds.

RESOLUTION NO. _____

INITIAL RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$15,305,000 LOCAL OPTION SALES TAX REVENUE AND TAX BONDS OF THE CITY OF KINGSPORT, TENNESSEE, TO PROVIDE FUNDING FOR CERTAIN PUBLIC WORKS PROJECTS AND TO FUND THE INCIDENTAL AND NECESSARY EXPENSES RELATED THERETO

WHEREAS, it is necessary and in the public interest of the City of Kingsport, Tennessee (the "Municipality"), to issue its Local Option Sales Tax Revenue and Tax Bonds (the "Bonds"), for the purpose of financing certain public works projects, as hereinafter specified.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF KINGSPORT, TENNESSEE:

SECTION 1. That for the purpose of financing a portion of the costs of certain public works projects, consisting of the acquisition of public art; the acquisition, construction, improvement, expansion, and equipping of the Meadowview Conference and Convention Center and the Cattails at Meadowview Golf Course; the acquisition of all property real and personal, appurtenant thereto or connected with such work; and to pay legal, fiscal, administrative, and engineering costs, to reimburse the Municipality for the costs of any of the above projects, to pay capitalized interest, and to pay costs incident to the issuance and sale of the Bonds, the issuance of the Bonds of the Municipality in the aggregate principal amount of not to exceed Fifteen Million Three Hundred Five Thousand Dollars (\$15,305,000) is hereby authorized. The Bonds shall be issued at a date, at a rate or rates of interest not to exceed the maximum rate allowed by law, and upon terms and conditions to be later determined.

SECTION 2. That the principal of, premium, if any, and interest on, the Bonds, shall be payable from revenues to be derived from the one-quarter percent (0.25%) local option sales tax levied by the Municipality within the corporate limits of the Municipality within Sullivan County, Tennessee, and in the event of a deficiency of such revenues, from ad valorem taxes to be levied for such purpose on all taxable property within the corporate limits of the Municipality, without limitation as to time, rate, and amount and for the punctual payment of said principal of, premium, if any, and interest on, the Bonds, the full faith and credit of the Municipality will be irrevocably pledged.

SECTION 3. That the Bonds described and authorized by this Resolution shall be issued pursuant to Title 9, Chapter 21, Tennessee Code Annotated, as amended (the "Act").

SECTION 4. That after the adoption of this Resolution, the City Recorder is directed to cause this Resolution, with the notice prescribed by the Act, to be published in full once in a newspaper published and having general circulation in the Municipality.

SECTION 5. That this Resolution shall take effect from and after its adoption, the welfare of the Municipality requiring it.

Adopted and approved this 18th day of November, 2008.

MAYOR

ATTEST:

APPROVED AS TO FORM:

CITY RECORDER

CITY ATTORNEY

NOTICE

The foregoing Resolution has been adopted. Unless within twenty (20) days from the date of publication hereof a petition, signed by at least ten percent (10%) of the registered voters of the City of Kingsport, Tennessee, shall have been filed with the City Recorder protesting the issuance of the Bonds, such Bonds will be issued as proposed.

STATE OF TENNESSEE)
COUNTIES OF HAWKINS AND)
SULLIVAN)

I, James H. Demming, hereby certify that I am the duly qualified and acting City Recorder of the City of Kingsport, Tennessee (the "Municipality"), and, as such official, I further certify as follows: (1) that attached hereto is a copy of an Initial Resolution excerpted from the minutes of the meeting of the Board of Mayor and Aldermen of said Municipality held on November 18, 2008; (2) that I have compared said copy with the original minute record of said meeting in my official custody; (3) that said copy is a true, correct, and complete transcript from said original record insofar as said original record relates to, among other matters, the authorization of the issuance of not to exceed \$15,305,000 Local Option Sales Tax Revenue and Tax Bonds of said Municipality; (4) that the actions by the said Board of Mayor and Aldermen including the aforementioned, at said meeting were promptly and duly recorded by me in a book kept for such purpose; and, (5) that a quorum of the members of said Board of Mayor and Aldermen was present and acting throughout the meeting.

WITNESS my official signature and seal of said Municipality this 18th day of November, 2008.

(SEAL)

CITY RECORDER

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE EXECUTION, TERMS, ISSUANCE, SALE, AND PAYMENT OF NOT TO EXCEED \$15,305,000 LOCAL OPTION SALES TAX REVENUE AND TAX BONDS, IN ONE OR MORE SERIES, OF THE CITY OF KINGSPORT, TENNESSEE, AND PROVIDING THE DETAILS THEREOF.

WHEREAS, on November 18, 2008, the Board of Mayor and Aldermen (the "Board") of the Municipality adopted an "Initial Resolution Authorizing the Issuance of Not to Exceed \$15,305,000 Local Option Sales Tax Revenue and Tax Bonds of the City of Kingsport, Tennessee, to Provide Funding for Certain Public Works Projects and to Fund the Incidental and Necessary Expenses Related Thereto" (the "Initial Resolution"), authorizing and directing, among other things, the issuance by the Municipality of its local option sales tax revenue and tax bonds for the purpose of financing a portion of the costs of certain public works projects, consisting of the acquisition of public art; the acquisition, construction, improvement, expansion, and equipping of the Meadowview Conference and Convention Center and the Cattails at Meadowview Golf Course; the acquisition of all property real and personal, appurtenant thereto or connected with such work (collectively, the "Project"); and to pay legal, fiscal, administrative, and engineering costs, to reimburse the Municipality for the costs of any of the above projects, to pay capitalized interest, and to pay costs incident to the issuance and sale of the Bonds;

WHEREAS, the Recorder of the Municipality published a copy of the Initial Resolution and the Notice required by Section 9-21-206, Tennessee Code Annotated, as amended, in a newspaper of general circulation within the Municipality;

WHEREAS, the Municipality is authorized by Title 9, Chapter 21, Tennessee Code Annotated, as amended, to issue and sell bonds for the purpose of financing the Project;

WHEREAS, the Initial Resolution authorized payment of the principal of, interest on, and the premium, if any, of the bonds from revenues to be derived from the one-quarter percent (0.25%) local option sales tax levied by the Municipality within the corporate limits of the Municipality within Sullivan County, Tennessee, and in the event of a deficiency of such revenues, from ad valorem taxes to be levied for such purpose on all taxable property within the corporate limits of the Municipality, without limitation as to time, rate, or amount;

WHEREAS, the Board finds that it is necessary and desirable to issue not to exceed \$15,305,000 Local Option Sales Tax Revenue and Tax Bonds, in one or more series (the "Bonds"), for the purpose of financing the costs of the Project, reimbursing the Municipality, paying capitalized interest, and paying costs incident to the financing thereof;

WHEREAS, it is necessary to authorize an official statement in connection with the issuance of the Bonds; and,

WHEREAS, it is now, therefore, necessary and desirable to provide for the execution, terms, issuance, sale, and payment of the Bonds:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF KINGSPORT, TENNESSEE, AS FOLLOWS:

Section 1. Authority. The Bonds herein authorized shall be issued pursuant to Title 9, Chapter 21, Tennessee Code Annotated, as amended, and other applicable provisions of law.

Section 2. Definitions. Without limiting any other definitions of terms and words in other sections of this Resolution, the following words and terms shall have the meanings indicated unless otherwise plainly apparent from the context:

“Act” shall mean Title 9, Chapter 21, Tennessee Code Annotated, as amended.

“Authorized Representative of the Municipality” means the then Mayor, the then Recorder, or the then Treasurer, of the Municipality, authorized by resolution or by law to act on behalf of and bind the Municipality.

“Board” means the Board of Mayor and Aldermen of the Municipality.

“Bond”, means individually, and “Bonds” means collectively, the Local Option Sales Tax Revenue and Tax Bonds of the Municipality, authorized to be issued by this Resolution of the Board.

“Bond Counsel” means an attorney or firm of attorneys recognized as having experience in matters relating to the issuance of municipal obligations.

“Bondholder”, “Owner”, or any similar term, when used with reference to the Bonds, means any Person who shall be the registered owner of any then Outstanding Bond or Bonds.

“City Attorney” means the duly appointed City Attorney of the Municipality, or his or her successors.

“Closing Date” means the date of sale, delivery, and payment of the Bonds.

“Code” means the United States Internal Revenue Code of 1986, as amended, and the applicable regulations of the United States Department of the Treasury promulgated thereunder, as in effect on the date of issuance of the Bonds, and as hereafter amended, supplemented, or revised insofar as such amendments, supplements, or revisions shall pertain to or effect the Bonds.

“Continuing Disclosure Certificate” shall mean that certain Continuing Disclosure Certificate executed by the Municipality and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“DTC” means The Depository Trust Company, New York, New York.

“Government Obligations” means any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of Federal agencies to the extent unconditionally guaranteed by the United States of America, which Bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

“Interest Payment Date” means each date on which interest shall be payable on any of the Bonds, according to their respective terms so long as any of the Bonds shall be Outstanding.

“Mayor” means the duly elected, qualified, and acting Mayor of the Municipality, or his or her successors.

“Outstanding,” “Bonds Outstanding,” or “Outstanding Bonds” means, as of a particular date, all Bonds issued and delivered and authenticated under this Resolution except: (1) any Bond paid or redeemed or otherwise canceled by the Municipality at or before such date; (2) any Bond for the payment of which cash, equal to the principal amount thereof with interest to date of maturity, shall have theretofore been deposited prior to maturity by the Municipality for the benefit of the Owner thereof; (3) any Bond in lieu of or in substitution for which another Bond shall have been delivered and authenticated pursuant to this Resolution, unless proof satisfactory to the Municipality is presented that any Bond, for which a Bond in lieu of or in substitution therefor shall have been delivered, is held by a bona fide purchaser, as that term is defined in Article 8 of the Uniform Commercial Code of the State, as amended, in which case both the Bond in lieu of or in substitution for which a new Bond has been delivered and such new Bond so delivered therefor shall be deemed Outstanding; and, (4) any Bond deemed paid under the provisions of this Resolution, except that any such Bond shall be considered Outstanding until the maturity thereof only for the purposes of being exchanged, transferred, or registered.

“Person” means an individual, partnership, corporation, trust, or unincorporated organization, or a governmental entity or agency or political subdivision thereof.

“Principal Payment Date” means each date on which principal shall be payable on any of the Bonds, according to their respective terms so long as any of the Bonds shall be Outstanding.

“Recorder” means the duly appointed, qualified, and acting Recorder of the Municipality, or his or her successors.

“Registration Agent” means Regions Bank, or its successor, or successors hereafter appointed in the manner provided in this Resolution.

“Resolution” means this Resolution, as supplemented and amended.

“State” means the State of Tennessee.

“Treasurer” means the duly appointed, qualified, and acting Treasurer of the Municipality, or his or her successors.

Section 3. Authorization. For the purpose of providing funds to finance the Project, to reimburse the Municipality, to pay capitalized interest, to pay legal, fiscal, administrative, and engineering costs, and to pay costs incident to the financing thereof, there is hereby authorized to be issued local option sales tax revenue and tax bonds of the Municipality, in one or more series, in the aggregate principal amount of not to exceed Fifteen Million Three Hundred Five Thousand Dollars (\$15,305,000), or such lesser aggregate amount as may be determined by the Authorized Representatives of the Municipality executing the Bonds. No Bonds may be issued under the provisions of this Resolution except in accordance herewith.

Section 4. Form of Bonds; Execution. (a) The Bonds, or any series thereof, are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000, or any integral multiple thereof. All Bonds issued under this Resolution shall be substantially in the form set forth in Exhibit "A" attached hereto, and by this reference incorporated herein as fully as though copied, with such appropriate variations, omissions, and insertions as are permitted or required by this Resolution, the blanks therein to be appropriately completed when the Bonds are prepared, and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto or as otherwise desired by the Municipality. Each series of Bonds shall be numbered consecutively from one upwards.

(b) The Bonds shall be executed in such manner as may be prescribed by applicable law in the name, and on behalf, of the Municipality with the manual or facsimile signature of the Mayor and attested with the manual or facsimile signature of the Recorder, and with the official seal, or a facsimile thereof, of the Municipality impressed or imprinted thereon, and shall be approved as to form by the manual or facsimile signature of the City Attorney. The Bonds shall not be valid for any purpose unless authenticated by the manual signature of an officer of the Registration Agent on the certificate set forth on the Bonds.

(c) In the event any officer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such manual or such facsimile signature shall nevertheless be valid and sufficient for all purposes as if he or she had remained in office until such delivery. Any Bond may bear the facsimile signature of, or may be manually signed by, such individuals who, at the actual time of the execution of such Bond, were the proper officers of the Municipality to sign such Bond, although on the respective dates of the adoption by the Municipality of this Resolution, such individuals may not have been such officers.

Section 5. Maturities, Interest Rates, Payment, and Certain Other Provisions of Bonds. (a) The Bonds shall be issued in one or more series, and subject to the adjustments permitted under Section 19 hereof shall be known as "Local Option Sales Tax Revenue and Tax Bonds," shall be dated as of the date of issuance and delivery, and shall have such series designation or other dated date as shall be determined by the Mayor pursuant to Section 19 hereof. The Bonds shall be issued at a date, at a rate or rates of interest not to exceed the maximum rate allowed by law, and upon terms and conditions to be later determined. The Bonds shall bear interest from the date thereof at a rate or rates to be hereafter determined by the

Municipality when said Bonds, or any series thereof, are sold, but not exceeding the maximum rate allowed by law, such interest being payable (subject to the adjustments permitted under Section 19 hereof) semi-annually on the first day of March and September of each year, commencing September 1, 2009. Subject to the adjustments permitted pursuant to Section 19 hereof, the Bonds shall mature serially or be subject to mandatory redemption and be payable on March 1 of each year, subject to prior optional redemption, as hereinafter provided, either serially or through mandatory redemption, in the years 2011 through 2029, inclusive.

In the event that any amount payable on any Bond as interest shall at any time exceed the rate of interest lawfully chargeable thereon under applicable law, then any such excess shall, to the extent of such excess, be applied against the principal of such Bond as a prepayment thereof without penalty, and such excess shall not be considered to be interest. 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.

The principal of, and the premium, if any, and all installments of interest on, any Bond shall bear interest from and after their respective due dates at a rate of interest equal to the rate of interest payable on the principal of such Bond.

(b) Interest on the Bonds shall be payable by check or other form of draft of the Registration Agent deposited by the Registration Agent in the United States mail, first class postage prepaid, in sealed envelopes, addressed to the Owners of such Bonds, as of the applicable Interest Payment Date, at their respective addresses as shown on the registration books of the Municipality maintained by the Registration Agent as of the close of business on the fifteenth (15th) calendar day of the month next preceding the applicable Interest Payment Date (the "Regular Record Date"). The principal or redemption price, if any, of all Bonds shall be payable upon presentation and surrender of such Bonds at the principal corporate trust office of the Registration Agent. All payments of the principal of, premium, if any, and interest on, the Bonds shall be made in any coin or currency of the United States of America which, on the date of payment thereof, shall be legal tender for the payment of public and private debts.

(c) Any interest on any Bond which is payable but is not punctually paid or duly provided for on any Interest Payment Date on which interest is due (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the Owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by check or other form of draft of the Registration Agent to the persons in whose names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Municipality shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the Municipality shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangement 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) calendar 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) calendar days prior to the date of the proposed payment to the 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) calendar 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 Owner at the address thereof as it appears in the registration books of the Municipality maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Bonds shall impair any statutory or other rights in law or in equity of any Owner arising as a result of the failure of the Municipality to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on, the Bonds when due.

(d) The Bonds will be made eligible for processing by DTC. The Bonds in the form of one global Bond for each maturity need not be lithographed or printed on steel engraved or printed borders. Except as otherwise provided in this Section, the Bonds shall be registered in the name of Cede & Co. as nominee of DTC. The Municipality may discontinue use of DTC as depository for the Bonds at any time upon determination by the Municipality that the use of DTC is no longer in the best interest of the beneficial owners of the Bonds. Registered ownership of the Bonds may be transferred on the registration books maintained by the Registration Agent and the Bonds may be delivered in physical form to the following:

(i) any successor of DTC or its nominee;

(ii) any substitute depository upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the Municipality that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; or,

(iii) any Person, upon (a) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository, or (b) termination by the Municipality of the use of DTC (or substitute depository or its successor).

(e) The Registration Agent is hereby authorized to take such actions as may be necessary from time to time to qualify and maintain the Bonds for deposit with DTC, including, but not limited to, wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. The Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this subsection (e) of this Section 5.

Section 6. Redemption. (a) Subject to the adjustments permitted under Section 19 hereof, the Bonds maturing March 1, 2011, through March 1, 2019, are not subject to redemption prior to maturity. The Bonds maturing on and after March 1, 2020, are subject to redemption prior to maturity on March 1, 2019, and at any time thereafter, at the option of the Municipality, as a whole or in part, in integral multiples of \$5,000 (less than all Bonds of a single maturity to

be selected by lot by the Registration Agent), at the price of par, plus accrued interest to the date fixed for redemption.

(b) Notice of intended redemption shall be given by the Registration Agent on behalf of the Municipality to the Owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the registration books kept by the Registration Agent. Notice of intended redemption shall be given not less than thirty (30) calendar days, nor more than sixty (60) calendar days prior to the date fixed for redemption. Each such notice of redemption shall state: (1) the redemption date; (2) the redemption price; (3) if less than all Outstanding Bonds are to be redeemed, the registered number and the CUSIP number printed on the Bonds (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed; (4) that on the redemption date, the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date provided sufficient funds are available on such redemption date to fully pay the redemption price of and the interest on the Bonds called for redemption; and, (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Registration Agent. Neither failure to mail any such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which notice was correctly given.

(c) If notice of redemption shall have been given in the manner and under the conditions provided herein and if on the date so designated for redemption the Registration Agent shall hold sufficient monies to pay the redemption price of, and interest to the redemption date on, the Bonds to be redeemed as provided in this Resolution, then: (1) the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date; (2) interest on the Bonds so called for redemption shall cease to accrue; and, (3) such Bonds shall no longer be Outstanding or secured by, or be entitled to, the benefits of this Resolution, except to receive payment of the redemption price thereof and interest thereon from monies then held by the Registration Agent.

(d) Prior to any redemption date, the Municipality shall deposit with the Registration Agent an amount of money sufficient to pay the redemption price of all of the Bonds or portions of Bonds which are to be redeemed on that date.

(e) If on the redemption date, monies for the redemption of all Bonds or portions thereof to be redeemed, together with interest thereon to the redemption date, shall not be held by the Registration Agent so as to be available therefor on such date, the Bonds or portions thereof so called for redemption shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption and shall continue to be secured by and be entitled to the benefits of this Resolution.

(f) In case any Bond is of a denomination larger than \$5,000, a portion of such Bond - \$5,000 or any integral multiple thereof - may be redeemed, but Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. In selecting Bonds for redemption, the Municipality shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000. If part but not all of a

Bond shall be selected for redemption, the Owner thereof or his, her, or its legal representative shall present and surrender such Bond to the Registration Agent for payment of the principal amount thereof so called for redemption and the premium, if any, on such principal amount thereof so called for redemption, and the Municipality shall execute and the Registration Agent shall authenticate and deliver to such Owner or legal representative, without charge therefor, for the unredeemed portion of the Bond surrendered, a Bond or Bonds of the same maturity, bearing the same interest rate, and of authorized denomination or denominations.

Section 7. Negotiability of Bonds. All Bonds issued under this Resolution shall be negotiable, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds.

Section 8. Registration Books and Registration Agent. (a) The Municipality hereby appoints Regions Bank, as registration agent and paying agent (the "Registration Agent") with respect to the Bonds and authorizes the Registration Agent so long as any of the Bonds shall remain Outstanding, to maintain at the principal corporate trust office of the Registration Agent, books for the registration and transfer of the Bonds on behalf of the Municipality. The Registration Agent shall register in such books and permit to be transferred thereon, under such reasonable regulations as it may prescribe, any Bond entitled to registration or transfer and to authenticate and deliver the Bonds either at original issuance, upon transfer, or as otherwise directed by the Municipality. The Registration Agent is authorized to make all payments of principal, interest, and redemption premium, if any, with respect to the Bonds.

(b) The Registration Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by a written instrument of acceptance executed and delivered to the Recorder prior to or on the Closing Date.

Section 9. Exchange of Bonds. Bonds upon surrender thereof at the principal corporate trust office of the Registration Agent, together with an assignment of such Bonds duly executed by the Owner thereof, or his, her, or its attorney or legal representative, may be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of any denomination or denominations authorized by this Resolution, and bearing interest at the same rate as the Bonds surrendered for exchange.

Section 10. Transfer of Bonds. (a) Each Bond shall be transferable only on the registration books maintained by the Registration Agent at the principal corporate trust office of the Registration Agent, upon the surrender for cancellation thereof at the principal corporate trust office of the Registration Agent, together with an assignment of such Bond duly executed by the Owner thereof or his, her, or its attorney or legal representative, and upon payment of the charges hereinafter provided, and subject to such other limitations and conditions as may be provided therein or herein. Upon the cancellation of any such Bond, the Registration Agent shall, in exchange for the surrendered Bond or Bonds, deliver in the name of the transferee or transferees a new Bond or Bonds of authorized denominations, of the same aggregate principal amount and maturity and rate of interest as such surrendered Bond or Bonds, and the transferee or transferees shall take such new Bond or Bonds subject to all of the conditions herein contained.

(b) The Municipality and the Registration Agent may deem and treat the Person in whose name any Bond shall be registered upon the registration books maintained by the Registration Agent as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal or redemption price of, and the interest on, such Bond and for all other purposes. All such payments so made to the registered Owner thereof shall be valid and effectual to satisfy and discharge the liability of the Municipality or the Registration Agent upon such Bond to the extent of the sum or sums so paid. Neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary.

Section 11. Regulations with Respect to Exchanges and Transfers. (a) In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Municipality shall execute, and the Registration Agent shall deliver, Bonds in accordance with the provisions of this Resolution. For every exchange or transfer of Bonds, whether temporary or definitive, the Municipality and the Registration Agent may make a charge, unless otherwise herein to the contrary expressly provided, sufficient to pay for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer.

(b) Neither the Municipality nor the Registration Agent shall be obligated to exchange or transfer any Bond during the fifteen (15) calendar days next preceding an Interest Payment Date or the first mailing of any notice of redemption or with respect to any Bond, after such Bond has been called for redemption.

Section 12. Mutilated, Lost, Stolen, or Destroyed Bonds. (a) In the event any Bond is mutilated, lost, stolen, or destroyed, the Municipality may execute, and upon the request of an Authorized Representative of the Municipality and the Registration Agent shall deliver, a new Bond of like maturity, interest rate, and principal amount, and bearing the same number (but with appropriate designation indicating that such new Bond is a replacement Bond) as the mutilated, destroyed, lost, or stolen Bond, in exchange for the mutilated Bond or in substitution for the Bond so destroyed, lost, or stolen. In every case of exchange or substitution, the Bondholder shall furnish to the Municipality and the Registration Agent: (1) such security or indemnity as may be required by an Authorized Representative of the Municipality to save the Municipality and the Registration Agent harmless from all risks, however remote; and, (2) evidence to their satisfaction of the mutilation, destruction, loss, or theft of the subject Bond and the ownership thereof. Upon the issuance of any Bond upon such exchange or substitution, an Authorized Representative of the Municipality and the Registration Agent may require the Owner thereof to pay a sum sufficient to defray any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including printing costs and counsel fees, of the Municipality and the Registration Agent. In the event any Bond which has matured or is about to mature shall become mutilated or be destroyed, lost, or stolen, an Authorized Representative of the Municipality may, instead of issuing a Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the Owner thereof shall pay all costs and expenses, including attorneys fees, incurred by the Municipality and the Registration Agent in connection therewith, as well as a sum sufficient to defray any tax or other governmental charge that may be imposed in relation thereto and shall furnish to the Municipality and the Registration Agent such security or indemnity as an

Authorized Representative of the Municipality and the Registration Agent may require to save the Municipality and the Registration Agent harmless and evidence to the satisfaction of an Authorized Representative of the Municipality and the Registration Agent, of the mutilation, destruction, loss, or theft of such Bond and of the ownership thereof.

(b) Every Bond issued pursuant to the provisions of this Section shall constitute an additional contractual obligation of the Municipality (whether or not the destroyed, lost, or stolen Bond shall be found at any time to be enforceable) and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Bonds duly issued under this Resolution.

(c) All Bonds shall be held and owned upon the express condition that the provisions of this Section are exclusive, with respect to the replacement or payment of mutilated, destroyed, lost, or stolen Bonds, and, to the maximum extent legally permissible, shall preclude all other rights or remedies, notwithstanding any law or statute now existing or hereafter enacted to the contrary.

Section 13. Authentication. Only such of the Bonds as shall have endorsed thereon a certificate of authentication, substantially in the form set forth in Exhibit "A" hereto duly executed by the Registration Agent shall be entitled to the rights, benefits, and security of this Resolution. No Bond shall be valid or obligatory for any purpose unless, and until, such certificate of authentication shall have been duly executed by the Registration Agent. Such executed certificate of authentication by the Registration Agent upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution as of the date of authentication. The certificate of authentication of the Registration Agent on any Bond shall be deemed to have been duly executed if manually signed by an authorized officer of the Registration Agent, but it shall not be necessary that the same officer sign and date the certificate of authentication on all Bonds that may be issued hereunder.

Section 14. Permitted Acts and Functions of Registration Agent. The Registration Agent may become the Owner of any Bonds, with the same rights as it would have if it were not a Registration Agent.

Section 15. Resignation or Removal of the Registration Agent and Appointment of Successors. (a) The Registration Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least sixty (60) calendar days' written notice to the Recorder; provided, however, until a successor Registration Agent is appointed the Registration Agent shall continue to carry out the duties and obligations of the Registration Agent created by this Resolution. The Registration Agent may be removed at any time by resolution of the Municipality filed with such Registration Agent. Any successor Registration Agent shall be appointed by resolution of the Municipality and shall be a trust company or a bank having the powers of a trust company, having, at the time of such appointment, a combined capital, surplus, and undivided profits aggregating at least Fifty Million Dollars (\$50,000,000), and be willing and able to accept the office of Registration Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

(b) In the event of the resignation or removal of the Registration Agent, such Registration Agent shall pay over, assign, and deliver any monies held by it as Registration Agent, and all books and records held by it as Registration Agent, to its successor, or if there be no successor then appointed, to the Recorder until such successor be appointed.

Section 16. Merger or Consolidation of Registration Agent. Any corporation or association into which the Registration Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole, or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a party shall be and become successor Registration Agent hereunder and shall be vested with all the trusts, powers, discretion, immunities, privileges, and other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein contained to the contrary notwithstanding.

Section 17. Source of Payment and Security. The Bonds, including the principal thereof, the premium, if any, and the interest thereon, shall be payable primarily from and be secured by a pledge of the revenues to be derived from the one-quarter percent (0.25%) local option sales tax levied by the Municipality within the corporate limits of the Municipality within Sullivan County, Tennessee, and are hereby declared to be equally and ratably secured by a pledge of such revenues. In the event of a deficiency of such revenues, the Bonds shall be payable from ad valorem taxes to be levied for such purpose on all taxable property within the corporate limits of the Municipality without limitation as to time, rate, or amount. Said Bonds shall be a direct general obligation of the Municipality, for which the punctual payment of the principal of, premium, if any, and interest on the Bonds the full faith and credit of the Municipality is hereby irrevocably pledged.

Section 18. Levy of Taxes. For the purpose of providing for the payment of the principal of, premium, if any, and interest on, the Bonds, there is hereby pledged for such payment the revenues to be derived from the one-quarter percent (0.25%) local option sales tax levied by the Municipality within the corporate limits of the Municipality within Sullivan County, Tennessee, in amounts not exceeding the amounts required to make such payments as they come due. In the event of a deficiency of such revenues, there shall be levied in each year in which such Bonds shall be outstanding a direct tax on all taxable property in the Municipality, fully sufficient, to pay all such principal and interest falling due prior to the time of collection of the next succeeding tax levy. Said tax shall be assessed, collected, and paid at the time, and in the same manner, as the other taxes of said Municipality, shall be in addition to all other taxes, and shall be without limitation as to time, rate, or amount; provided, however, that the tax so levied in any year may be proportionately reduced by the amount on hand from the local option sales tax revenues and available for payment of such principal, interest, and premium, if any. The Board of the Municipality is required by law and shall and does hereby pledge to levy such tax. Principal, premium, if any, and interest, or any of the foregoing, falling due at any time when there shall be insufficient funds on hand from such tax levy for the payment thereof shall be paid from the General Fund or other available funds of the Municipality, but reimbursement therefor may be made from the taxes herein provided when the same shall have been collected. Such taxes levied and collected therefor shall be deposited in the General Fund of the

Municipality, and used solely for the payment of principal and interest on the Bonds as the same shall become due.

Section 19. Sale of Bonds. (a) The Bonds shall be sold at public sale (the "Public Sale") in the manner provided by law, in one or more series, at a price of not less than ninety-nine percent (99%) of par, as a whole or in part from time to time as shall be determined by the Mayor, in consultation with Morgan Keegan & Company, Inc., Nashville, Tennessee, the Municipality's financial advisor (the "Financial Advisor"). The Bonds, or any series thereof, 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 the Financial Advisor.

(b) If the Bonds are sold in more than one series, the Mayor is authorized to cause to be sold in each series an aggregate principal amount of Bonds less than that shown authorized in Section 3 hereof for each series, and to make corresponding adjustments to the maturity dates of each series designated in Section 5 hereof; provided, however, that the total aggregate principal amount of all series issued does not exceed the total aggregate amount of Bonds authorized to be issued hereunder.

(c) The Mayor is further authorized:

(1) to change the dated date of the Bonds or any series thereof;

(2) to specify the series designation of the Bonds, or any series thereof, to a designation;

(3) to change the first interest payment date on the Bonds, or any series thereof, to a date other than September 1, 2009, provided that such date is not later than twelve months from the dated date of such series of Bonds;

(4) to adjust the principal and interest payment dates and determined maturity or mandatory redemption amounts of the Bonds, or any series thereof, provided that (i) the total principal amount of all series of Bonds does not exceed the total amount of Bonds authorized herein, (ii) the first maturity date of the Bonds, or any series thereof, is a date not earlier than March 1, 2011, and (iii) the final maturity date of each series of Bonds shall not exceed twenty (20) fiscal years from the dated date of its series;

(5) to change the optional redemption provisions of the Bonds, provided that the premium amount to be paid on Bonds, or any series thereof, does not exceed two percent (2%) of the principal amount thereof;

(6) to sell the Bonds, or any series thereof, or any maturities thereof, as term bonds with mandatory redemption requirements as determined by the Mayor, as the Mayor shall deem most advantageous to the Municipality; and,

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

(d) The Mayor of the Municipality is authorized to sell the Bonds, or any series thereof, simultaneously with any other bonds or notes authorized by resolution or resolutions of the Board. The Mayor is further authorized to sell the Bonds, or any series thereof, as a single issue of bonds with any other bonds with substantially similar terms authorized by resolution or resolutions of the Board, in one or more series, as the Mayor shall deem to be advantageous to the Municipality, and in doing so, the Mayor is authorized to change the designation of the Bonds to a designation other than "Local Option Sales Tax Revenue and Tax Bonds"; provided, however, that the total aggregate principal amount of combined bonds to be sold does not exceed the total aggregate principal amount of Bonds authorized by this Resolution or bonds authorized by other resolution or resolutions adopted by the Board.

(e) The Mayor is authorized to award the Bonds, or any series thereof, in each case to the bidder whose bid results in the lowest true interest cost to the Municipality, provided the rate or rates on the Bonds does not exceed the maximum rate allowed by law. The award of the Bonds by the Mayor to the lowest bidder shall be binding on the Municipality, and no further action of the Board with respect thereto shall be required. The form of the Bond attached hereto as Exhibit A, shall be conformed to reflect any changes made pursuant to this Section.

(f) The Mayor and the Recorder are authorized to cause the Bonds to be authenticated and delivered to the successful bidder and to execute, publish, and deliver all certificates and documents, including an official statement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Bonds. Notice of such Public Sale shall be given in accordance with the provisions of the Act. The Mayor and Recorder are hereby authorized to enter into a contract with the Financial Advisor, for financial advisory services in connection with the sale of the Bonds.

Section 20. Approval of Preliminary Official Statement and Official Statement. (a) The Mayor, the Recorder, and the City Manager, or any of them, working with the Financial Advisor, are hereby authorized to cause the preparation and distribution, which may include electronic distribution, of a Preliminary Official Statement in connection with the sale of the Bonds in such form and containing such information as the Mayor shall determine appropriate and consistent with the terms of this Resolution and to deem the Preliminary Official Statement final for the purpose of Securities and Exchange Commission Rule 15c(2)(12).

(b) The Board hereby authorizes an Official Statement of the Municipality substantially in the form of the Preliminary Official Statement relating to the Bonds, with such modifications thereto as the Mayor and the Recorder approve. The Mayor and Recorder are hereby authorized and directed to execute copies of said Official Statement and to deliver said Official Statement to the purchaser of such Bonds, which execution and delivery shall be conclusive evidence of the approval of any such modifications; and the Board hereby consents to

the lawful use of said Official Statement and the information contained therein in connection with the public offering and sale of the Bonds by the initial purchaser of such Bonds. The Mayor and the Recorder are authorized to deem the Official Statement final for the purpose of Securities and Exchange Commission Rule 15(c)(2)(12).

(c) 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 pricing and other information.

Section 21. Disposition of Bond Proceeds and Other Funds. The proceeds of the sale of the Bonds and certain other funds shall be used and applied as follows:

(a) Accrued interest, if any, shall be paid to the official of the Municipality designated by law as the custodian of the funds thereof and used to pay interest on the Bonds on the first Interest Payment Date following delivery of the Bonds.

(b) Such amount as is necessary from the proceeds from the sale of the Bonds (including premium, if any, received) shall be paid to the official of the Municipality designated by law as the custodian of the funds thereof to be deposited in a special fund, which is hereby authorized to be created, to be known as the "Local Option Sales Tax Revenue and Tax Bonds, Series 2009C, Project Fund," or such other series designation as shall be determined by the Mayor (the "Project Fund"), to be kept separate and apart from all other funds of the Municipality. The funds in the Project Fund shall be disbursed solely to pay the costs of the Project, to reimburse the Municipality, to pay capitalized interest, and to pay costs incurred in connection with the issuance of the Bonds, including necessary legal, accounting, engineering, and fiscal expenses, printing, advertising, and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds and the financing of the Project. Monies in the Project Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any. Monies in the Project Fund shall be expended only for the purposes authorized by this Resolution. Monies if any, remaining in the Project Fund upon completion of the purposes authorized by this Resolution shall be transferred to the Bond Fund and used to pay principal of and interest on the Bonds. Monies in the Project Fund may be invested as directed by an Authorized Representative of the Municipality in any investment authorized for municipal funds under the applicable laws of the State of Tennessee. All income derived from such investments shall be deposited in the Bond Fund and used to pay principal and interest on the Bonds, unless, by resolution, the Municipality directs retention of such earnings in the Project Fund to pay the costs of the Project.

(c) Any amounts remaining from the principal proceeds of the sale of the Bonds shall be used for the purpose of paying the costs incurred in connection with the issuance of the Bonds.

Section 22. Reimbursement Provisions. The Municipality is in the process of causing certain capital expenditures to be made with respect to the Project, including, but not necessarily limited to, planning, design, and architectural expenses, and the Municipality desires to establish its official intent that certain of the expenditures related to the Project and certain other related expenditures be reimbursed from the proceeds of the Bonds. Therefore, the Board of the Municipality finds and determines, as follows:

- (a) that it is in the best interest of the Municipality to proceed immediately with the Project, thereby incurring certain capital expenditures;
- (b) that the Municipality has certain funds available which may be used temporarily for this purpose, pending the issuance of the Bonds;
- (c) that pursuant to the provisions of this Resolution, the Board anticipates that the Municipality will issue the Bonds for the purpose of financing the Project;
- (d) that the Board reasonably expects to reimburse such amounts to such fund or source from which such expenditures may be made on a temporary basis as soon as proceeds from the issuance of such Bonds are available; and,
- (e) that this declaration of official intent is consistent with the budgetary and financial circumstances of the Municipality.

The Board of the Municipality by this Resolution hereby establishes its official intent to issue the Bonds to finance the costs of the Project and other related expenditures in an amount not to exceed \$15,305,000. Pending the issuance of such Bonds, funds necessary to finance such costs shall be advanced from such source of funds on hand and available for such purpose, and any amounts so advanced shall be reimbursed from the proceeds of the Bonds.

Section 23. Non-Arbitrage Certification. The Municipality certifies and covenants with the Owners of any series of tax-exempt Bonds issued hereunder that so long as the principal of any Bond remains unpaid, monies on deposit in any fund or account in connection with the Bonds, whether or not from any other source, will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Municipality reserves the right, however, to make any investment of such monies permitted by Tennessee law and this Resolution if, when and to the extent that said Section 148 or regulations promulgated thereunder shall be repealed or relaxed or shall be held void by final decision of a court of competent jurisdiction, but only if any investment made by virtue of such repeal, relaxation, or decision would not, in the opinion of Bond Counsel, result in making the interest on the Bonds subject to federal income taxation.

The Municipality covenants that it shall comply with Section 148(f) of the Code, unless legally exempted therefrom, and the Municipality represents that in the event it shall be required by Section 148(f) of the Code to pay "Rebatable Arbitrage," as such term is defined and used in the Code, pursuant to the Code, to the United States Government, it will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary

or permitted to prevent the interest on the Bonds from becoming subject to inclusion in the gross income of the Owners of the Bonds for purposes of federal income taxation.

Section 24. Continuing Disclosure. The Municipality hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the Municipality to comply with the Continuing Disclosure Certificate shall not be considered an event of default; however, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Municipality to comply with its obligations under this Section. For purposes of this Section, “Beneficial Owner” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the Owner of any Bonds for federal income tax purposes.

Section 25. Amendments. After the issuance of the Bonds, no change, variation, or alteration of any kind in the provisions of this Resolution shall be made in any manner, until such time as all of the principal of and interest on the Bonds shall have been paid in full unless the consent of all of the Owners of all the Outstanding Bonds have been obtained; provided, however, that the Municipality is hereby authorized to make such amendments to this Resolution as will not impair the rights of the Bondholders. The laws of the State of Tennessee shall govern this Resolution.

Section 26. No Action to be Taken Affecting Validity of the Bonds. The Board hereby covenants and agrees that it will not take any action, that would in any manner affect the validity of the Bonds or limit the rights and remedies of the Owners from time to time of such Bonds or affect the exclusion of interest thereon from the gross income of the owners thereof for purposes of federal income taxation.

Section 27. Discharge and Satisfaction of Bonds. If the Municipality shall pay and discharge the entire indebtedness evidenced by any of the Bonds in any one or more of the following ways:

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

(b) By depositing or causing to be deposited with any trust company or bank whose deposits are insured by the Federal Deposit Insurance Corporation and which has trust powers (“a Trustee”; which Trustee may be the Registration Agent), in trust, at or before the date of maturity or redemption, sufficient monies or Government Obligations, the principal of and interest on which, when due and payable, will provide sufficient monies to pay or redeem the Bonds Outstanding hereunder and to pay premium, if any, and interest thereon when due until the maturity or redemption date; provided, if such Bonds are to be redeemed prior to the maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice; or,

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

If the Municipality shall also pay or cause to be paid all other sums payable hereunder by the Municipality with respect to such Bonds, or make adequate provision therefor, and by resolution of the Board instruct any such Trustee to pay amounts when and as required to the Registration Agent for the payment of principal of, premium, if any, and interest on, such Bonds when due, then and in that case indebtedness evidenced by such Bonds shall be discharged and satisfied, and all covenants, agreements, and obligations of the Municipality to the owners of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate, and become void.

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

Except as otherwise provided in this Section neither Government Obligations nor monies deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on, said Bonds; provided that any cash received from such principal or interest payments on such Government Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Municipality as received by the Registration Agent, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal of, premium, if any, and interest, to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Municipality, as received by the Registration Agent.

Nothing contained in this Section shall be construed to alter or change the redemption provisions set forth herein. No redemption privilege shall be exercised with respect to the Bonds except at the option and election of the Municipality. The optional right of redemption shall not be exercised by the Registration Agent unless expressly so directed by an Authorized Representative of the Municipality.

Section 28. Miscellaneous Acts. The Mayor, the Recorder, the Treasurer, the City Manager, and the City Attorney, and all other appropriate officials of the Municipality are hereby authorized, empowered, and directed to do any and all such acts and things, and to execute, acknowledge, and deliver all such documents, instruments, and certifications, specifically including but not limited to, entering into an agreement with the Financial Advisor to provide financial advisory services for the Municipality and services related to the issuance, sale, and delivery of the Bonds, and making arbitrage certifications, in addition to those acts, things, documents, instruments, and certifications hereinbefore authorized and approved, as may in their

discretion, be necessary or desirable to implement or comply with the intent of this Resolution; or any of the documents herein authorized and approved, or for the authorization, issuance, and delivery of the Bonds.

Section 29. Failure to Present Bonds. (a) In the event any Bond shall not be presented for payment when the principal becomes due at maturity and in the event monies sufficient to pay such Bond shall be held by the Registration Agent for the benefit of the Owner thereof, all liability of the Municipality to such Owner for the payment of such Bond shall forthwith cease, terminate, and be completely discharged. Thereupon, the Registration Agent shall hold such monies, without liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted exclusively to such monies for any claim under the Resolution or on, or with respect to, said Bond.

(b) If any Bond shall not be presented for payment within a period of five years following the date when such Bond becomes due, whether by maturity or otherwise, the Registration Agent shall, subject to the provisions of any applicable escheat or other similar law, pay to the Treasurer or the official of the Municipality designated by law as the custodian of such funds, any monies then held by the Registration Agent for the payment of such Bond and such Bond shall (subject to the defense of any applicable statute of limitation) thereafter constitute an unsecured obligation of the Municipality.

Section 30. Payments Due on Saturdays, Sundays, and Holidays. In any case where the date of maturity or interest on or principal of any Bond shall be a Saturday or Sunday or shall be, at the place designated for payment, a legal holiday or a day on which banking institutions similar to the Registration Agent are authorized by law to close, then the payment of the interest on, or the principal of such Bonds need not be made on such date but must be made on the next succeeding day not a Saturday, Sunday, or a legal holiday or a day upon which banking institutions similar to the Registration Agent are authorized by law to close, with the same force and effect as if made on the date of maturity and no interest shall accrue for the period after such date.

Section 31. No Recourse Under Resolution or on Bonds. All stipulations, promises, agreements, and obligations of the Municipality contained in the Initial Resolution or this Resolution shall be deemed to be the stipulations, promises, agreements, and obligations of the Municipality and not of any officer, director, or employee of the Municipality in his or her individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on the Initial Resolution or this Resolution against any officer, director, or employee of the Municipality or against any official or individual executing the Bonds.

Section 32. Partial Invalidity. If any one or more of the provisions of this Resolution, or of any exhibit or attachment thereto, shall be held invalid, illegal, or unenforceable in any respect, by final decree of any court of lawful jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, or of any exhibit or attachment thereto, but this Resolution, and the exhibits and attachments thereto, shall be construed the same

as if such invalid, illegal, or unenforceable provision had never been contained herein, or therein, as the case may be.

Section 33. Severability. If any section, paragraph, or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or enforceability of such section, paragraph, or provision shall not affect any of the remaining provisions hereof.

Section 34. Repeal of Conflicting Resolutions and Effective Date. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflict, hereby repealed and this Resolution shall be in immediate effect from and after its adoption, the welfare of the Municipality requiring it.

Approved and adopted this 18th day of November, 2008.

MAYOR

ATTEST:

APPROVED AS TO FORM:

RECORDER

CITY ATTORNEY

STATE OF TENNESSEE
COUNTIES OF SULLIVAN AND HAWKINS

I, James H. Demming, hereby certify that I am the duly qualified and acting Recorder of the City of Kingsport, Tennessee (the "Municipality"), and, as such official, I further certify as follows: (1) that attached hereto is a copy of a resolution excerpted from the minutes of the meeting of the Board of Mayor and Aldermen (the "Board") of said Municipality held on November 18, 2008; (2) that I have compared said copy with the original minute record of said meeting in my official custody; (3) that said copy is a true, correct, and complete transcript from said original record insofar as said original record relates, to, among other matters, the authorization, issuance, and sale of not to exceed \$15,305,000 Local Option Sales Tax Revenue and Tax Bonds of said Municipality; (4) that the actions by said Board including the aforementioned, at said meeting were promptly and duly recorded by me in a book kept for such purposes; and, (5) that a quorum of the members of said Board was present and acting throughout said meeting.

WITNESS my official signature and the seal of said Municipality this 18th day of November, 2008.

RECORDER

(SEAL)

FORM OF BOND

EXHIBIT "A"

Registered
No. _____

Registered
\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTIES OF SULLIVAN AND HAWKINS
CITY OF KINGSPORT
LOCAL OPTION SALES TAX REVENUE AND TAX BOND,
SERIES 2009C

Interest Rate: Maturity Date: Dated Date: CUSIP:

Registered Owner: CEDE & CO.

Principal Amount:

THE CITY OF KINGSPORT, TENNESSEE (the "Municipality"), a lawfully organized and existing municipal corporation located in Sullivan and Hawkins Counties, Tennessee, for value received, hereby acknowledges itself indebted and promises to pay, as hereinafter provided, to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, unless this bond shall have been duly called for prior redemption and payment of the redemption price shall have been made or provided for, upon the presentation and surrender hereof at the principal corporate trust office of Regions Bank, or its successor as paying agent and registration agent (the "Registration Agent"), the Principal Amount identified above, in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay interest on said Principal Amount from the date hereof, or such later date as to which interest has been paid, semiannually on March 1 and September 1 of each year (the "Interest Payment Date"), commencing September 1, 2009, to said Registered Owner hereof by check or other form of draft of the Registration Agent mailed to the Registered Owner at the address shown on the registration books of the Municipality, maintained by the Registration Agent, as of the close of business on the fifteenth (15th) calendar day of the month next preceding an Interest Payment Date (the "Regular Record Date"), in like coin or currency at the Interest Rate per annum set forth above until payment of said Principal Amount. Provided, however, that should the Municipality default in the payment of interest on such Interest Payment Date, such defaulted interest (the "Defaulted Interest") shall be payable to the person in whose name this bond is registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest established by notice mailed by the Registration Agent on behalf of the Municipality not less than ten (10) calendar days preceding such Special Record Date by first class mail, postage prepaid, to the Registered Owner hereof at the address thereof as it appears on the registration books of the Municipality maintained by the Registration Agent as of the date of such notice, which notice shall identify the proposed payment of such Defaulted Interest and the Special Record Date therefor.

In the event that any amount payable hereunder as interest shall at any time exceed the rate of interest lawfully chargeable on this bond under applicable law, any such excess shall, to the extent of such excess, be applied against the principal hereof as a prepayment thereof without penalty, and such excess shall not be considered to be interest. 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.

The principal hereof and all installments of interest hereon, shall bear interest from and after their respective due dates at the same rate of interest payable on the principal hereof.

This bond is authorized and issued pursuant to and in full compliance with, the Constitution and the statutes of the State of Tennessee, including, but not limited to, Title 9, Chapter 21, Tennessee Code Annotated, as amended. Section 9-21-117, Tennessee Code Annotated, as amended, provides that this bond and the income therefrom shall be exempt from all state, county, and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes, and except as otherwise provided in said Code.

This bond is one of a series of bonds known as "Local Option Sales Tax Revenue and Tax Bonds, Series 2009C" (the "Bonds"), issued by the Municipality in the aggregate principal amount of \$15,305,000. The Bonds, which are issued for the purpose of providing funds to finance a portion of the costs of certain public works projects, consisting of the acquisition of public art; the acquisition, construction, improvement, expansion, and equipping of the Meadowview Conference and Convention Center and the Cattails at Meadowview Golf Course; the acquisition of all property real and personal, appurtenant thereto or connected with such work (collectively, the "Project"); and to pay legal, fiscal, administrative, and engineering costs, to reimburse the Municipality for the costs of any of the above projects, to pay capitalized interest, and to pay costs incident to the issuance and sale of the Bonds, are authorized by appropriate resolutions of the Board of Mayor and Aldermen and particularly that certain Resolution of the Board of Mayor and Aldermen, adopted on November 18, 2008, entitled "Resolution Authorizing the Execution, Terms, Issuance, Sale, and Payment of Not to Exceed \$15,305,000 Local Option Sales Tax Revenue and Tax Bonds, In One or More Series, of the City of Kingsport, Tennessee, and Providing the Details Thereof", as such resolution may be from time to time amended or supplemented in accordance with its terms (such resolution as so amended or supplemented, being herein called the "Resolution"), and is issued pursuant to, and in full compliance with, the Constitution and the statutes of the State of Tennessee, including, but not limited to, Title 9, Chapter 21, Tennessee Code Annotated, as amended (the "Act"). Copies of said Resolution are on file at the office of the Recorder of the Municipality, and reference is hereby made to said Resolution and the Act, for a more complete statement of the terms and conditions upon which the Bonds are issued thereunder, the rights, duties, immunities, and obligations of the Municipality, and the rights of the Registered Owner hereof.

This bond is payable from revenues to be derived from the one-quarter percent (0.25%) local option sales tax levied by the Municipality within the corporate limits of the Municipality within Sullivan County, Tennessee, and in the event of a deficiency of such revenues, from ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality without limitation as to time, rate, or amount. For the prompt payment of this bond, both principal, premium, if any, and interest, as the same shall become due, the full faith, and credit of the Municipality is hereby irrevocably pledged.

The Municipality and the Registration Agent may deem and treat the person or entity in whose name this bond is registered as the absolute owner hereof, whether such bond shall be overdue or not, for the purpose of receiving payment of the principal of, premium, if any, and interest on, this bond and for all other purposes. All such payments so made shall be valid and effectual to satisfy and discharge the liability upon this bond to the extent of the sum or sums so paid, and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary.

The Bonds are issuable only as fully registered Bonds, without coupons, in the denomination of \$5,000, or any authorized integral multiple thereof. At the principal corporate trust office of the Registration Agent, in the manner and subject to the limitations, conditions, and charges provided in the Bond Resolution, Bonds may be exchanged for an equal aggregate principal amount of fully registered Bonds of the same maturity, of authorized denominations, and bearing interest at the same rate.

The Bonds will be made eligible for processing by DTC. The Bonds in the form of one global bond for each maturity need not be lithographed or printed on steel engraved or printed borders. Except as otherwise provided in this paragraph, the Bonds shall be registered in the name of Cede & Co. as nominee of DTC. The Municipality may discontinue use of DTC as depository for the Bonds at any time upon determination by the Municipality that the use of DTC is no longer in the best interest of the beneficial owners of the Bonds. Registered ownership of the Bonds may be transferred on the registration books maintained by the Registration Agent and the Bonds may be delivered in physical form to the following:

- (i) any successor of DTC or its nominee;
- (ii) any substitute depository upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the Municipality that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; or,
- (iii) any Person, as defined in the Resolution, upon (a) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository, or (b) termination by the Municipality of the use of DTC (or substitute depository or its successor).

Subject to the provisions for registration and transfer contained herein and in the Resolution, this bond shall be transferable by the Registered Owner at the principal office of the Registration Agent upon surrender and cancellation of this bond, and thereupon a new Bond of the same series, principal amount, interest and maturity will be issued to the transferee as provided in the Resolution and upon payment of the transfer charges therein prescribed. Upon any such transfer, the Municipality shall execute and the Registration Agent shall authenticate and deliver in exchange for this bond a new fully registered bond or bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this bond, of the same maturity and bearing interest at the same rate. For every exchange or transfer of bonds, whether temporary or definitive, the Municipality and the Registration Agent may make a charge, unless otherwise herein to the contrary expressly provided, sufficient to pay for any tax, fee,

or other governmental charge required to be paid with respect to such exchange or transfer, all of which taxes, fees, or other governmental charges shall be paid by the person or entity requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Municipality and the Registration Agent, and any other person, may treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment hereof, and for all other purposes, and shall not be affected by any notice to the contrary, whether this bond be overdue or not.

The Bonds maturing March 1, 2011, through March 1, 2019, are not subject to redemption prior to maturity. The Bonds maturing on and after March 1, 2020, are subject to redemption prior to maturity on March 1, 2019, and at any time thereafter, at the option of the Municipality, as a whole or in part, in integral multiples of \$5,000 (less than all Bonds of a single maturity to be selected by lot by the Registration Agent), at the price of par plus accrued interest to the date fixed for redemption.

Notice of intended redemption shall be given by the Registration Agent on behalf of the Municipality to the Registered Owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the registration books kept by the Registration Agent. Notice of intended redemption shall be given not less than thirty (30) calendar days, nor more than sixty (60) calendar days prior to the date fixed for redemption.

This bond shall have all the qualities and incidents of, and shall be a negotiable instrument under, the Uniform Commercial Code of the State of Tennessee, subject only to provisions respecting registration of such bond. This bond is issued with the intent that the laws of the State of Tennessee shall govern its construction.

It is hereby certified, recited, and declared that all acts and conditions required to be done and to exist precedent to, and in the issuance of, this bond in order to make this bond a legal, valid, and binding obligation of the Municipality, have been done, and did exist in due time and form as required by the Constitution and statutes of the State of Tennessee, and that this bond and the issue of which it is a part, together with all other indebtedness of such Municipality, does not exceed any limitation prescribed by the Constitution or statutes of the State of Tennessee.

IN WITNESS WHEREOF, THE CITY OF KINGSPORT, TENNESSEE, by its Board of Mayor and Aldermen has caused this bond to be executed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the Recorder, to have its official seal, or a facsimile thereof, to be impressed or imprinted hereon, and to be approved as to form by the manual or facsimile signature of the City Attorney, all as of _____.

(SEAL)

ATTEST:

RECORDER

MAYOR

APPROVED AS TO FORM:

CITY ATTORNEY

Date of Authentication:

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the provisions of the within mentioned Resolution and is one of the Local Option Sales Tax Revenue and Tax Bonds, Series 2009C of the City of Kingsport, Tennessee.

REGIONS BANK,
as Registration Agent

By: _____
Authorized Officer

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-registered Bond and do(es) hereby irrevocably constitute and appoint, attorney, to transfer the same on the registration books of the Registration Agent, with full power of substitution in the premises.

Dated: _____

SIGNATURE GUARANTEED:

SIGNATURE:

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

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.



AGENDA ACTION FORM

Consideration of Initial and Detailed Bond Resolutions Authorizing the Issuance of General Obligation Public Improvement Bonds in an Amount not to Exceed \$12,305,000.

To: Board of Mayor and Aldermen
 From: John G. Campbell, City Manager

Action Form No.: AF 365-2008
 Work Session: November 17, 2008
 First Reading: N/A

Final Adoption: November 18, 2008
 Staff Work By: Jim Demming
 Presentation By: Jim Demming/John Campbell

BMA Strategic Plan 2005-2006
 (CV=Core Value, KSF=Key Success Factor, KSO=Key Strategic Objective)
CV # 2: Integrity
KSF # 4: Stewardship of the Public Funds
KSO # 6: Maintain Excellence in Financial Management

Recommendation:

Approve the initial and detailed bond resolutions authorizing the issuance of General Obligation Public Improvement Bonds in an amount not to exceed \$12,305,000.

Executive Summary:

Attached, for Board and Mayor and Aldermen consideration, is an initial and detailed bond resolution authorizing the City to issue up to \$12,305,000 of General Obligation Public Improvement Bonds to finance the construction/equipping of various capital projects as listed in the attached schedule (see Attachment I).

See attached summary for a more complete explanation.

Attachments

1. Summary Sheet
2. Initial Resolution
3. Detailed Resolution
4. Attachment I
5. Attachment II

Funding source appropriate and funds are available: _____

	<u>Y</u>	<u>N</u>	<u>O</u>
Joh	—	—	—
Mallicote	—	—	—
Marsh	—	—	—
Munsey	—	—	—
Shull	—	—	—
Shupe	—	—	—
Phillips	—	—	—

SUPPLEMENTAL INFORMATION Action Form 365-2008

Executive Summary *continued*:

SUBJECT: Consideration of an Initial and Detailed Bond Resolution Authorizing the Issuance of General Obligation Public Improvement Bonds in an Amount not to Exceed \$12,305,000.

The majority of these projects are included in the approved FY2009 Capital Improvement Program (CIP). Several additional projects have been included as a result of discussions with the BMA at a previous work session on October 30, 2008. These include the \$5,000,000 for a variety of road improvement projects (see attachment II), \$1,100,000 for certain land acquisition and school facility improvements, and \$3,800,000 for a new parking facility in the downtown area. As a result of that meeting, staff has prepared the necessary bond documents to provide funding for these projects.

It is recommended that the BMA adopt this initial bond resolution and detailed bond resolution that authorize the issuance of these General Obligation Public Improvement Bonds in an amount not to exceed \$12,305,000. The proposed amount of the bond issue includes estimated costs associated with issuing the bonds.

RESOLUTION NO. _____

INITIAL RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$12,305,000 GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS OF THE CITY OF KINGSPORT, TENNESSEE, TO PROVIDE FUNDING FOR CERTAIN PUBLIC WORKS PROJECTS AND TO FUND THE INCIDENTAL AND NECESSARY EXPENSES RELATED THERETO

WHEREAS, it is necessary and in the public interest of the City of Kingsport, Tennessee (the "Municipality"), to issue its General Obligation Public Improvement Bonds (the "Bonds"), for the purpose of financing certain public works projects, as hereinafter specified.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF KINGSPORT, TENNESSEE:

SECTION 1. That for the purpose of financing a portion of the costs of certain public works projects, consisting of the acquisition of public art; the acquisition and construction of public parks and recreational facilities; street, road and bridge construction and improvements within the Municipality; land acquisition, equipping, and feasibility studies in connection with the Municipality's storm water management project; the acquisition, construction, renovation, improvement and equipping of schools and related school facilities within the Municipality; site assessment and design expenditures in connection with the renovation, expansion and improvement of the Municipality's library; architectural, engineering, design, and preliminary expenditures in connection with the renovation, expansion, and improvement of the Municipality's Justice Center; the acquisition and construction of a downtown public parking garage; the acquisition of all property real and personal, appurtenant thereto or connected with such work; and to pay legal, fiscal, administrative, and engineering costs, to reimburse the Municipality for the costs of any of the above projects, to pay capitalized interest, and to pay costs incident to the issuance and sale of the Bonds, the issuance of the Bonds of the Municipality in the aggregate principal amount of not to exceed Twelve Million Three Hundred Five Thousand Dollars (\$12,305,000) is hereby authorized. The Bonds shall be issued at a date, at a rate or rates of interest not to exceed the maximum rate allowed by law, and upon terms and conditions to be later determined.

SECTION 2. That the principal of, premium, if any, and interest on, the Bonds, shall be payable from funds of the Municipality legally available therefor and to the extent necessary from ad valorem taxes to be levied for such purpose on all taxable property within the corporate limits of the Municipality, without limitation as to time, rate, and amount and for the punctual payment of said principal of, premium, if any, and interest on, the Bonds, the full faith and credit of the Municipality will be irrevocably pledged.

SECTION 3. That the Bonds described and authorized by this Resolution shall be issued pursuant to Title 9, Chapter 21, Tennessee Code Annotated, as amended (the "Act").

SECTION 4. That after the adoption of this Resolution, the City Recorder is directed to cause this Resolution, with the notice prescribed by the Act, to be published in full once in a newspaper published and having general circulation in the Municipality.

SECTION 5. That this Resolution shall take effect from and after its adoption, the welfare of the Municipality requiring it.

Adopted and approved this 18th day of November, 2008.

MAYOR

ATTEST:

APPROVED AS TO FORM:

CITY RECORDER

CITY ATTORNEY

NOTICE

The foregoing Resolution has been adopted. Unless within twenty (20) days from the date of publication hereof a petition, signed by at least ten percent (10%) of the registered voters of the City of Kingsport, Tennessee, shall have been filed with the City Recorder protesting the issuance of the Bonds, such Bonds will be issued as proposed.

STATE OF TENNESSEE)
COUNTIES OF HAWKINS AND)
SULLIVAN)

I, James H. Demming, hereby certify that I am the duly qualified and acting City Recorder of the City of Kingsport, Tennessee (the "Municipality"), and, as such official, I further certify as follows: (1) that attached hereto is a copy of an Initial Resolution excerpted from the minutes of the meeting of the Board of Mayor and Aldermen of said Municipality held on November 18, 2008; (2) that I have compared said copy with the original minute record of said meeting in my official custody; (3) that said copy is a true, correct, and complete transcript from said original record insofar as said original record relates to, among other matters, the authorization of the issuance of not to exceed \$12,305,000 General Obligation Public Improvement Bonds of said Municipality; (4) that the actions by the said Board of Mayor and Aldermen including the aforementioned, at said meeting were promptly and duly recorded by me in a book kept for such purpose; and, (5) that a quorum of the members of said Board of Mayor and Aldermen was present and acting throughout the meeting.

WITNESS my official signature and seal of said Municipality this 18th day of November, 2008.

(SEAL)

CITY RECORDER

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE EXECUTION, TERMS, ISSUANCE, SALE, AND PAYMENT OF NOT TO EXCEED \$12,305,000 GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS, IN ONE OR MORE SERIES, OF THE CITY OF KINGSPORT, TENNESSEE, AND PROVIDING THE DETAILS THEREOF.

WHEREAS, on November 18, 2008, the Board of Mayor and Aldermen (the "Board") of the Municipality adopted an "Initial Resolution Authorizing the Issuance of Not to Exceed \$12,305,000 General Obligation Public Improvement Bonds of the City of Kingsport, Tennessee, to Provide Funding for Certain Public Works Projects and to Fund the Incidental and Necessary Expenses Related Thereto" (the "Initial Resolution"), authorizing and directing, among other things, the issuance by the Municipality of its general obligation bonds for the purpose of financing a portion of the costs of certain public works projects, consisting of the acquisition of public art; the acquisition and construction of public parks and recreational facilities; street, road and bridge construction and improvements within the Municipality; land acquisition, equipping, and feasibility studies in connection with the Municipality's storm water management project; the acquisition, construction, renovation, improvement and equipping of schools and related school facilities within the Municipality; site assessment and design expenditures in connection with the renovation, expansion and improvement of the Municipality's library; architectural, engineering, design, and preliminary expenditures in connection with the renovation, expansion, and improvement of the Municipality's Justice Center; the acquisition and construction of a downtown public parking garage; the acquisition of all property real and personal, appurtenant thereto or connected with such work (collectively, the "Project"); and to pay legal, fiscal, administrative, and engineering costs, to reimburse the Municipality for the costs of any of the above projects, to pay capitalized interest, and to pay costs incident to the issuance and sale of the Bonds;

WHEREAS, the Recorder of the Municipality published a copy of the Initial Resolution and the Notice required by Section 9-21-206, Tennessee Code Annotated, as amended, in a newspaper of general circulation within the Municipality;

WHEREAS, the Municipality is authorized by Title 9, Chapter 21, Tennessee Code Annotated, as amended, to issue and sell bonds for the purpose of financing the Project;

WHEREAS, the Initial Resolution authorized payment of the principal of, interest on, and the premium, if any, of the bonds from funds of the Municipality legally available therefor and to the extent necessary from ad valorem taxes to be levied for such purpose on all taxable property within the corporate limits of the Municipality, without limitation as to time, rate, or amount;

WHEREAS, the Board finds that it is necessary and desirable to issue not to exceed \$12,305,000 General Obligation Public Improvement Bonds, in one or more series (the "Bonds"), for the purpose of financing the costs of the Project, reimbursing the Municipality, paying capitalized interest, and paying costs incident to the financing thereof;

WHEREAS, it is necessary to authorize an official statement in connection with the issuance of the Bonds; and,

WHEREAS, it is now, therefore, necessary and desirable to provide for the execution, terms, issuance, sale, and payment of the Bonds:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF KINGSPORT, TENNESSEE, AS FOLLOWS:

Section 1. Authority. The Bonds herein authorized shall be issued pursuant to Title 9, Chapter 21, Tennessee Code Annotated, as amended, and other applicable provisions of law.

Section 2. Definitions. Without limiting any other definitions of terms and words in other sections of this Resolution, the following words and terms shall have the meanings indicated unless otherwise plainly apparent from the context:

“Act” shall mean Title 9, Chapter 21, Tennessee Code Annotated, as amended.

“Authorized Representative of the Municipality” means the then Mayor, the then Recorder, or the then Treasurer, of the Municipality, authorized by resolution or by law to act on behalf of and bind the Municipality.

“Board” means the Board of Mayor and Aldermen of the Municipality.

“Bond”, means individually, and “Bonds” means collectively, the General Obligation Public Improvement Bonds of the Municipality, authorized to be issued by this Resolution of the Board.

“Bond Counsel” means an attorney or firm of attorneys recognized as having experience in matters relating to the issuance of municipal obligations.

“Bondholder”, “Owner”, or any similar term, when used with reference to the Bonds, means any Person who shall be the registered owner of any then Outstanding Bond or Bonds.

“City Attorney” means the duly appointed City Attorney of the Municipality, or his or her successors.

“Closing Date” means the date of sale, delivery, and payment of the Bonds.

“Code” means the United States Internal Revenue Code of 1986, as amended, and the applicable regulations of the United States Department of the Treasury promulgated thereunder, as in effect on the date of issuance of the Bonds, and as hereafter amended, supplemented, or revised insofar as such amendments, supplements, or revisions shall pertain to or effect the Bonds.

“Continuing Disclosure Certificate” shall mean that certain Continuing Disclosure Certificate executed by the Municipality and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“DTC” means The Depository Trust Company, New York, New York.

“Government Obligations” means any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of Federal agencies to the extent unconditionally guaranteed by the United States of America, which Bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

“Interest Payment Date” means each date on which interest shall be payable on any of the Bonds, according to their respective terms so long as any of the Bonds shall be Outstanding.

“Mayor” means the duly elected, qualified, and acting Mayor of the Municipality, or his or her successors.

“Outstanding,” “Bonds Outstanding,” or “Outstanding Bonds” means, as of a particular date, all Bonds issued and delivered and authenticated under this Resolution except: (1) any Bond paid or redeemed or otherwise canceled by the Municipality at or before such date; (2) any Bond for the payment of which cash, equal to the principal amount thereof with interest to date of maturity, shall have theretofore been deposited prior to maturity by the Municipality for the benefit of the Owner thereof; (3) any Bond in lieu of or in substitution for which another Bond shall have been delivered and authenticated pursuant to this Resolution, unless proof satisfactory to the Municipality is presented that any Bond, for which a Bond in lieu of or in substitution therefor shall have been delivered, is held by a bona fide purchaser, as that term is defined in Article 8 of the Uniform Commercial Code of the State, as amended, in which case both the Bond in lieu of or in substitution for which a new Bond has been delivered and such new Bond so delivered therefor shall be deemed Outstanding; and, (4) any Bond deemed paid under the provisions of this Resolution, except that any such Bond shall be considered Outstanding until the maturity thereof only for the purposes of being exchanged, transferred, or registered.

“Person” means an individual, partnership, corporation, trust, or unincorporated organization, or a governmental entity or agency or political subdivision thereof.

“Principal Payment Date” means each date on which principal shall be payable on any of the Bonds, according to their respective terms so long as any of the Bonds shall be Outstanding.

“Recorder” means the duly appointed, qualified, and acting Recorder of the Municipality, or his or her successors.

“Registration Agent” means Regions Bank, or its successor, or successors hereafter appointed in the manner provided in this Resolution.

“Resolution” means this Resolution, as supplemented and amended.

“State” means the State of Tennessee.

“Treasurer” means the duly appointed, qualified, and acting Treasurer of the Municipality, or his or her successors.

Section 3. Authorization. For the purpose of providing funds to finance the Project, to reimburse the Municipality, to pay capitalized interest, to pay legal, fiscal, administrative, and engineering costs, and to pay costs incident to the financing thereof, there is hereby authorized to be issued general obligation public improvement bonds of the Municipality, in one or more series, in the aggregate principal amount of not to exceed Twelve Million Three Hundred Five Thousand Dollars (\$12,305,000), or such lesser aggregate amount as may be determined by the Authorized Representatives of the Municipality executing the Bonds. No Bonds may be issued under the provisions of this Resolution except in accordance herewith.

Section 4. Form of Bonds; Execution. (a) The Bonds, or any series thereof, are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000, or any integral multiple thereof. All Bonds issued under this Resolution shall be substantially in the form set forth in Exhibit “A” attached hereto, and by this reference incorporated herein as fully as though copied, with such appropriate variations, omissions, and insertions as are permitted or required by this Resolution, the blanks therein to be appropriately completed when the Bonds are prepared, and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto or as otherwise desired by the Municipality. Each series of Bonds shall be numbered consecutively from one upwards.

(b) The Bonds shall be executed in such manner as may be prescribed by applicable law in the name, and on behalf, of the Municipality with the manual or facsimile signature of the Mayor and attested with the manual or facsimile signature of the Recorder, and with the official seal, or a facsimile thereof, of the Municipality impressed or imprinted thereon, and shall be approved as to form by the manual or facsimile signature of the City Attorney. The Bonds shall not be valid for any purpose unless authenticated by the manual signature of an officer of the Registration Agent on the certificate set forth on the Bonds.

(c) In the event any officer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such manual or such facsimile signature shall nevertheless be valid and sufficient for all purposes as if he or she had remained in office until such delivery. Any Bond may bear the facsimile signature of, or may be manually signed by, such individuals who, at the actual time of the execution of such Bond, were the proper officers of the Municipality to sign such Bond, although on the respective dates of the adoption by the Municipality of this Resolution, such individuals may not have been such officers.

Section 5. Maturities, Interest Rates, Payment, and Certain Other Provisions of Bonds. (a) The Bonds shall be issued in one or more series, and subject to the adjustments permitted under Section 19 hereof shall be known as "General Obligation Public Improvement Bonds," shall be dated as of the date of issuance and delivery, and shall have such series designation or other dated date as shall be determined by the Mayor pursuant to Section 19 hereof. The Bonds shall be issued at a date, at a rate or rates of interest not to exceed the maximum rate allowed by law, and upon terms and conditions to be later determined. The Bonds shall bear interest from the date thereof at a rate or rates to be hereafter determined by the Municipality when said Bonds, or any series thereof, are sold, but not exceeding the maximum rate allowed by law, such interest being payable (subject to the adjustments permitted under Section 19 hereof) semi-annually on the first day of March and September of each year, commencing September 1, 2009. Subject to the adjustments permitted pursuant to Section 19 hereof, the Bonds shall mature serially or be subject to mandatory redemption and be payable on March 1 of each year, subject to prior optional redemption, as hereinafter provided, either serially or through mandatory redemption, in the years 2011 through 2029, inclusive.

In the event that any amount payable on any Bond as interest shall at any time exceed the rate of interest lawfully chargeable thereon under applicable law, then any such excess shall, to the extent of such excess, be applied against the principal of such Bond as a prepayment thereof without penalty, and such excess shall not be considered to be interest. 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.

The principal of, and the premium, if any, and all installments of interest on, any Bond shall bear interest from and after their respective due dates at a rate of interest equal to the rate of interest payable on the principal of such Bond.

(b) Interest on the Bonds shall be payable by check or other form of draft of the Registration Agent deposited by the Registration Agent in the United States mail, first class postage prepaid, in sealed envelopes, addressed to the Owners of such Bonds, as of the applicable Interest Payment Date, at their respective addresses as shown on the registration books of the Municipality maintained by the Registration Agent as of the close of business on the fifteenth (15th) calendar day of the month next preceding the applicable Interest Payment Date (the "Regular Record Date"). The principal or redemption price, if any, of all Bonds shall be payable upon presentation and surrender of such Bonds at the principal corporate trust office of the Registration Agent. All payments of the principal of, premium, if any, and interest on, the Bonds shall be made in any coin or currency of the United States of America which, on the date of payment thereof, shall be legal tender for the payment of public and private debts.

(c) Any interest on any Bond which is payable but is not punctually paid or duly provided for on any Interest Payment Date on which interest is due (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the Owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by check or other form of draft of the Registration Agent to the persons in whose names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Municipality shall notify the Registration Agent in

writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the Municipality shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangement 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) calendar 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) calendar days prior to the date of the proposed payment to the 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) calendar 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 Owner at the address thereof as it appears in the registration books of the Municipality maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Bonds shall impair any statutory or other rights in law or in equity of any Owner arising as a result of the failure of the Municipality to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on, the Bonds when due.

(d) The Bonds will be made eligible for processing by DTC. The Bonds in the form of one global Bond for each maturity need not be lithographed or printed on steel engraved or printed borders. Except as otherwise provided in this Section, the Bonds shall be registered in the name of Cede & Co. as nominee of DTC. The Municipality may discontinue use of DTC as depository for the Bonds at any time upon determination by the Municipality that the use of DTC is no longer in the best interest of the beneficial owners of the Bonds. Registered ownership of the Bonds may be transferred on the registration books maintained by the Registration Agent and the Bonds may be delivered in physical form to the following:

(i) any successor of DTC or its nominee;

(ii) any substitute depository upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the Municipality that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; or,

(iii) any Person, upon (a) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository, or (b) termination by the Municipality of the use of DTC (or substitute depository or its successor).

(e) The Registration Agent is hereby authorized to take such actions as may be necessary from time to time to qualify and maintain the Bonds for deposit with DTC, including, but not limited to, wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or

other similar means of communication. The Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this subsection (e) of this Section 5.

Section 6. Redemption. (a) Subject to the adjustments permitted under Section 19 hereof, the Bonds maturing March 1, 2011, through March 1, 2019, are not subject to redemption prior to maturity. The Bonds maturing on and after March 1, 2020, are subject to redemption prior to maturity on March 1, 2019, and at any time thereafter, at the option of the Municipality, as a whole or in part, in integral multiples of \$5,000 (less than all Bonds of a single maturity to be selected by lot by the Registration Agent), at the price of par, plus accrued interest to the date fixed for redemption.

(b) Notice of intended redemption shall be given by the Registration Agent on behalf of the Municipality to the Owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the registration books kept by the Registration Agent. Notice of intended redemption shall be given not less than thirty (30) calendar days, nor more than sixty (60) calendar days prior to the date fixed for redemption. Each such notice of redemption shall state: (1) the redemption date; (2) the redemption price; (3) if less than all Outstanding Bonds are to be redeemed, the registered number and the CUSIP number printed on the Bonds (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed; (4) that on the redemption date, the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date provided sufficient funds are available on such redemption date to fully pay the redemption price of and the interest on the Bonds called for redemption; and, (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Registration Agent. Neither failure to mail any such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which notice was correctly given.

(c) If notice of redemption shall have been given in the manner and under the conditions provided herein and if on the date so designated for redemption the Registration Agent shall hold sufficient monies to pay the redemption price of, and interest to the redemption date on, the Bonds to be redeemed as provided in this Resolution, then: (1) the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date; (2) interest on the Bonds so called for redemption shall cease to accrue; and, (3) such Bonds shall no longer be Outstanding or secured by, or be entitled to, the benefits of this Resolution, except to receive payment of the redemption price thereof and interest thereon from monies then held by the Registration Agent.

(d) Prior to any redemption date, the Municipality shall deposit with the Registration Agent an amount of money sufficient to pay the redemption price of all of the Bonds or portions of Bonds which are to be redeemed on that date.

(e) If on the redemption date, monies for the redemption of all Bonds or portions thereof to be redeemed, together with interest thereon to the redemption date, shall not be held by the Registration Agent so as to be available therefor on such date, the Bonds or portions thereof so called for redemption shall continue to bear interest until paid at the same rate as they would

have borne had they not been called for redemption and shall continue to be secured by and be entitled to the benefits of this Resolution.

(f) In case any Bond is of a denomination larger than \$5,000, a portion of such Bond - \$5,000 or any integral multiple thereof - may be redeemed, but Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. In selecting Bonds for redemption, the Municipality shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000. If part but not all of a Bond shall be selected for redemption, the Owner thereof or his, her, or its legal representative shall present and surrender such Bond to the Registration Agent for payment of the principal amount thereof so called for redemption and the premium, if any, on such principal amount thereof so called for redemption, and the Municipality shall execute and the Registration Agent shall authenticate and deliver to such Owner or legal representative, without charge therefor, for the unredeemed portion of the Bond surrendered, a Bond or Bonds of the same maturity, bearing the same interest rate, and of authorized denomination or denominations.

Section 7. Negotiability of Bonds. All Bonds issued under this Resolution shall be negotiable, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds.

Section 8. Registration Books and Registration Agent. (a) The Municipality hereby appoints Regions Bank, as registration agent and paying agent (the "Registration Agent") with respect to the Bonds and authorizes the Registration Agent so long as any of the Bonds shall remain Outstanding, to maintain at the principal corporate trust office of the Registration Agent, books for the registration and transfer of the Bonds on behalf of the Municipality. The Registration Agent shall register in such books and permit to be transferred thereon, under such reasonable regulations as it may prescribe, any Bond entitled to registration or transfer and to authenticate and deliver the Bonds either at original issuance, upon transfer, or as otherwise directed by the Municipality. The Registration Agent is authorized to make all payments of principal, interest, and redemption premium, if any, with respect to the Bonds.

(b) The Registration Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by a written instrument of acceptance executed and delivered to the Recorder prior to or on the Closing Date.

Section 9. Exchange of Bonds. Bonds upon surrender thereof at the principal corporate trust office of the Registration Agent, together with an assignment of such Bonds duly executed by the Owner thereof, or his, her, or its attorney or legal representative, may be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of any denomination or denominations authorized by this Resolution, and bearing interest at the same rate as the Bonds surrendered for exchange.

Section 10. Transfer of Bonds. (a) Each Bond shall be transferable only on the registration books maintained by the Registration Agent at the principal corporate trust office of the Registration Agent, upon the surrender for cancellation thereof at the principal corporate trust office of the Registration Agent, together with an assignment of such Bond duly executed by the

Owner thereof or his, her, or its attorney or legal representative, and upon payment of the charges hereinafter provided, and subject to such other limitations and conditions as may be provided therein or herein. Upon the cancellation of any such Bond, the Registration Agent shall, in exchange for the surrendered Bond or Bonds, deliver in the name of the transferee or transferees a new Bond or Bonds of authorized denominations, of the same aggregate principal amount and maturity and rate of interest as such surrendered Bond or Bonds, and the transferee or transferees shall take such new Bond or Bonds subject to all of the conditions herein contained.

(b) The Municipality and the Registration Agent may deem and treat the Person in whose name any Bond shall be registered upon the registration books maintained by the Registration Agent as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal or redemption price of, and the interest on, such Bond and for all other purposes. All such payments so made to the registered Owner thereof shall be valid and effectual to satisfy and discharge the liability of the Municipality or the Registration Agent upon such Bond to the extent of the sum or sums so paid. Neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary.

Section 11. Regulations with Respect to Exchanges and Transfers. (a) In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Municipality shall execute, and the Registration Agent shall deliver, Bonds in accordance with the provisions of this Resolution. For every exchange or transfer of Bonds, whether temporary or definitive, the Municipality and the Registration Agent may make a charge, unless otherwise herein to the contrary expressly provided, sufficient to pay for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer.

(b) Neither the Municipality nor the Registration Agent shall be obligated to exchange or transfer any Bond during the fifteen (15) calendar days next preceding an Interest Payment Date or the first mailing of any notice of redemption or with respect to any Bond, after such Bond has been called for redemption.

Section 12. Mutilated, Lost, Stolen, or Destroyed Bonds. (a) In the event any Bond is mutilated, lost, stolen, or destroyed, the Municipality may execute, and upon the request of an Authorized Representative of the Municipality and the Registration Agent shall deliver, a new Bond of like maturity, interest rate, and principal amount, and bearing the same number (but with appropriate designation indicating that such new Bond is a replacement Bond) as the mutilated, destroyed, lost, or stolen Bond, in exchange for the mutilated Bond or in substitution for the Bond so destroyed, lost, or stolen. In every case of exchange or substitution, the Bondholder shall furnish to the Municipality and the Registration Agent: (1) such security or indemnity as may be required by an Authorized Representative of the Municipality to save the Municipality and the Registration Agent harmless from all risks, however remote; and, (2) evidence to their satisfaction of the mutilation, destruction, loss, or theft of the subject Bond and the ownership thereof. Upon the issuance of any Bond upon such exchange or substitution, an Authorized Representative of the Municipality and the Registration Agent may require the Owner thereof to pay a sum sufficient to defray any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including printing costs and counsel fees, of the

Municipality and the Registration Agent. In the event any Bond which has matured or is about to mature shall become mutilated or be destroyed, lost, or stolen, an Authorized Representative of the Municipality may, instead of issuing a Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the Owner thereof shall pay all costs and expenses, including attorneys fees, incurred by the Municipality and the Registration Agent in connection therewith, as well as a sum sufficient to defray any tax or other governmental charge that may be imposed in relation thereto and shall furnish to the Municipality and the Registration Agent such security or indemnity as an Authorized Representative of the Municipality and the Registration Agent may require to save the Municipality and the Registration Agent harmless and evidence to the satisfaction of an Authorized Representative of the Municipality and the Registration Agent, of the mutilation, destruction, loss, or theft of such Bond and of the ownership thereof.

(b) Every Bond issued pursuant to the provisions of this Section shall constitute an additional contractual obligation of the Municipality (whether or not the destroyed, lost, or stolen Bond shall be found at any time to be enforceable) and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Bonds duly issued under this Resolution.

(c) All Bonds shall be held and owned upon the express condition that the provisions of this Section are exclusive, with respect to the replacement or payment of mutilated, destroyed, lost, or stolen Bonds, and, to the maximum extent legally permissible, shall preclude all other rights or remedies, notwithstanding any law or statute now existing or hereafter enacted to the contrary.

Section 13. Authentication. Only such of the Bonds as shall have endorsed thereon a certificate of authentication, substantially in the form set forth in Exhibit "A" hereto duly executed by the Registration Agent shall be entitled to the rights, benefits, and security of this Resolution. No Bond shall be valid or obligatory for any purpose unless, and until, such certificate of authentication shall have been duly executed by the Registration Agent. Such executed certificate of authentication by the Registration Agent upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution as of the date of authentication. The certificate of authentication of the Registration Agent on any Bond shall be deemed to have been duly executed if manually signed by an authorized officer of the Registration Agent, but it shall not be necessary that the same officer sign and date the certificate of authentication on all Bonds that may be issued hereunder.

Section 14. Permitted Acts and Functions of Registration Agent. The Registration Agent may become the Owner of any Bonds, with the same rights as it would have if it were not a Registration Agent.

Section 15. Resignation or Removal of the Registration Agent and Appointment of Successors. (a) The Registration Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least sixty (60) calendar days' written notice to the Recorder; provided, however, until a successor Registration Agent is appointed the Registration Agent shall continue to carry out the duties and obligations of the Registration

Agent created by this Resolution. The Registration Agent may be removed at any time by resolution of the Municipality filed with such Registration Agent. Any successor Registration Agent shall be appointed by resolution of the Municipality and shall be a trust company or a bank having the powers of a trust company, having, at the time of such appointment, a combined capital, surplus, and undivided profits aggregating at least Fifty Million Dollars (\$50,000,000), and be willing and able to accept the office of Registration Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

(b) In the event of the resignation or removal of the Registration Agent, such Registration Agent shall pay over, assign, and deliver any monies held by it as Registration Agent, and all books and records held by it as Registration Agent, to its successor, or if there be no successor then appointed, to the Recorder until such successor be appointed.

Section 16. Merger or Consolidation of Registration Agent. Any corporation or association into which the Registration Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole, or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a party shall be and become successor Registration Agent hereunder and shall be vested with all the trusts, powers, discretion, immunities, privileges, and other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein contained to the contrary notwithstanding.

Section 17. Source of Payment and Security. The Bonds, including the principal thereof, the premium, if any, and the interest thereon, shall be payable from funds of the Municipality legally available therefor and to the extent necessary from ad valorem taxes to be levied for such purpose on all taxable property within the corporate limits of the Municipality without limitation as to time, rate, or amount. Said Bonds shall be a direct general obligation of the Municipality, for which the punctual payment of the principal of, premium, if any, and interest on the Bonds the full faith and credit of the Municipality is hereby irrevocably pledged.

Section 18. Levy of Taxes. For the purpose of providing for the payment of the principal of, premium, if any, and interest on, the Bonds, to the extent necessary, there shall be levied in each year in which such Bonds shall be outstanding a direct tax on all taxable property in the Municipality, fully sufficient, to pay all such principal and interest falling due prior to the time of collection of the next succeeding tax levy. Said tax shall be assessed, collected, and paid at the time, and in the same manner, as the other taxes of said Municipality, shall be in addition to all other taxes, and shall be without limitation as to time, rate, or amount. The Board of the Municipality is required by law and shall and does hereby pledge to levy such tax. Principal, premium, if any, and interest, or any of the foregoing, falling due at any time when there shall be insufficient funds on hand from such tax levy for the payment thereof shall be paid from the General Fund or other available funds of the Municipality, but reimbursement therefor may be made from the taxes herein provided when the same shall have been collected. Such taxes levied and collected therefor shall be deposited in the General Fund of the Municipality, and used solely for the payment of principal and interest on the Bonds as the same shall become due.

Section 19. Sale of Bonds. (a) The Bonds shall be sold at public sale (the “Public Sale”) in the manner provided by law, in one or more series, at a price of not less than ninety-nine percent (99%) of par, as a whole or in part from time to time as shall be determined by the Mayor, in consultation with Morgan Keegan & Company, Inc., Nashville, Tennessee, the Municipality’s financial advisor (the “Financial Advisor”). The Bonds, or any series thereof, 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 the Financial Advisor.

(b) If the Bonds are sold in more than one series, the Mayor is authorized to cause to be sold in each series an aggregate principal amount of Bonds less than that shown authorized in Section 3 hereof for each series, and to make corresponding adjustments to the maturity dates of each series designated in Section 5 hereof; provided, however, that the total aggregate principal amount of all series issued does not exceed the total aggregate amount of Bonds authorized to be issued hereunder.

(c) The Mayor is further authorized:

(1) to change the dated date of the Bonds or any series thereof;

(2) to specify the series designation of the Bonds, or any series thereof, to a designation;

(3) to change the first interest payment date on the Bonds, or any series thereof, to a date other than September 1, 2009, provided that such date is not later than twelve months from the dated date of such series of Bonds;

(4) to adjust the principal and interest payment dates and determined maturity or mandatory redemption amounts of the Bonds, or any series thereof, provided that (i) the total principal amount of all series of Bonds does not exceed the total amount of Bonds authorized herein, (ii) the first maturity date of the Bonds, or any series thereof, is a date not earlier than March 1, 2011, and (iii) the final maturity date of each series of Bonds shall not exceed twenty (20) fiscal years from the dated date of its series;

(5) to change the optional redemption provisions of the Bonds, provided that the premium amount to be paid on Bonds, or any series thereof, does not exceed two percent (2%) of the principal amount thereof;

(6) to sell the Bonds, or any series thereof, or any maturities thereof, as term bonds with mandatory redemption requirements as determined by the Mayor, as the Mayor shall deem most advantageous to the Municipality; and,

(7) to cause all or a portion of the Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company to achieve the purposes set forth herein and to serve the best interests of the Municipality and to enter into

agreements with such insurance company with respect to any series of Bonds to the extent not inconsistent with this Resolution.

(d) The Mayor of the Municipality is authorized to sell the Bonds, or any series thereof, simultaneously with any other bonds or notes authorized by resolution or resolutions of the Board. The Mayor is further authorized to sell the Bonds, or any series thereof, as a single issue of bonds with any other bonds with substantially similar terms authorized by resolution or resolutions of the Board, in one or more series, as the Mayor shall deem to be advantageous to the Municipality, and in doing so, the Mayor is authorized to change the designation of the Bonds to a designation other than "General Obligation Public Improvement Bonds"; provided, however, that the total aggregate principal amount of combined bonds to be sold does not exceed the total aggregate principal amount of Bonds authorized by this Resolution or bonds authorized by other resolution or resolutions adopted by the Board.

(e) The Mayor is authorized to award the Bonds, or any series thereof, in each case to the bidder whose bid results in the lowest true interest cost to the Municipality, provided the rate or rates on the Bonds does not exceed the maximum rate allowed by law. The award of the Bonds by the Mayor to the lowest bidder shall be binding on the Municipality, and no further action of the Board with respect thereto shall be required. The form of the Bond attached hereto as Exhibit A, shall be conformed to reflect any changes made pursuant to this Section.

(f) The Mayor and the Recorder are authorized to cause the Bonds to be authenticated and delivered to the successful bidder and to execute, publish, and deliver all certificates and documents, including an official statement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Bonds. Notice of such Public Sale shall be given in accordance with the provisions of the Act. The Mayor and Recorder are hereby authorized to enter into a contract with the Financial Advisor, for financial advisory services in connection with the sale of the Bonds.

Section 20. Approval of Preliminary Official Statement and Official Statement. (a) The Mayor, the Recorder, and the City Manager, or any of them, working with the Financial Advisor, are hereby authorized to cause the preparation and distribution, which may include electronic distribution, of a Preliminary Official Statement in connection with the sale of the Bonds in such form and containing such information as the Mayor shall determine appropriate and consistent with the terms of this Resolution and to deem the Preliminary Official Statement final for the purpose of Securities and Exchange Commission Rule 15c(2)(12).

(b) The Board hereby authorizes an Official Statement of the Municipality substantially in the form of the Preliminary Official Statement relating to the Bonds, with such modifications thereto as the Mayor and the Recorder approve. The Mayor and Recorder are hereby authorized and directed to execute copies of said Official Statement and to deliver said Official Statement to the purchaser of such Bonds, which execution and delivery shall be conclusive evidence of the approval of any such modifications; and the Board hereby consents to the lawful use of said Official Statement and the information contained therein in connection with the public offering and sale of the Bonds by the initial purchaser of such Bonds. The Mayor

and the Recorder are authorized to deem the Official Statement final for the purpose of Securities and Exchange Commission Rule 15(c)(2)(12).

(c) 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 pricing and other information.

Section 21. Disposition of Bond Proceeds and Other Funds. The proceeds of the sale of the Bonds and certain other funds shall be used and applied as follows:

(a) Accrued interest, if any, shall be paid to the official of the Municipality designated by law as the custodian of the funds thereof and used to pay interest on the Bonds on the first Interest Payment Date following delivery of the Bonds.

(b) Such amount as is necessary from the proceeds from the sale of the Bonds (including premium, if any, received) shall be paid to the official of the Municipality designated by law as the custodian of the funds thereof to be deposited in a special fund, which is hereby authorized to be created, to be known as the "General Obligation Public Improvement Bonds, Series 2009A, Project Fund," or such other series designation as shall be determined by the Mayor (the "Project Fund"), to be kept separate and apart from all other funds of the Municipality. The funds in the Project Fund shall be disbursed solely to pay the costs of the Project, to reimburse the Municipality, to pay capitalized interest, and to pay costs incurred in connection with the issuance of the Bonds, including necessary legal, accounting, engineering, and fiscal expenses, printing, advertising, and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds and the financing of the Project. Monies in the Project Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any. Monies in the Project Fund shall be expended only for the purposes authorized by this Resolution. Monies if any, remaining in the Project Fund upon completion of the purposes authorized by this Resolution shall be transferred to the Bond Fund and used to pay principal of and interest on the Bonds. Monies in the Project Fund may be invested as directed by an Authorized Representative of the Municipality in any investment authorized for municipal funds under the applicable laws of the State of Tennessee. All income derived from such investments shall be deposited in the Bond Fund and used to pay principal and interest on the Bonds, unless, by resolution, the Municipality directs retention of such earnings in the Project Fund to pay the costs of the Project.

(c) Any amounts remaining from the principal proceeds of the sale of the Bonds shall be used for the purpose of paying the costs incurred in connection with the issuance of the Bonds.

Section 22. Reimbursement Provisions. The Municipality is in the process of causing certain capital expenditures to be made with respect to the Project, including, but not necessarily

limited to, planning, design, and architectural expenses, and the Municipality desires to establish its official intent that certain of the expenditures related to the Project and certain other related expenditures be reimbursed from the proceeds of the Bonds. Therefore, the Board of the Municipality finds and determines, as follows:

- (a) that it is in the best interest of the Municipality to proceed immediately with the Project, thereby incurring certain capital expenditures;
- (b) that the Municipality has certain funds available which may be used temporarily for this purpose, pending the issuance of the Bonds;
- (c) that pursuant to the provisions of this Resolution, the Board anticipates that the Municipality will issue the Bonds for the purpose of financing the Project;
- (d) that the Board reasonably expects to reimburse such amounts to such fund or source from which such expenditures may be made on a temporary basis as soon as proceeds from the issuance of such Bonds are available; and,
- (e) that this declaration of official intent is consistent with the budgetary and financial circumstances of the Municipality.

The Board of the Municipality by this Resolution hereby establishes its official intent to issue the Bonds to finance the costs of the Project and other related expenditures in an amount not to exceed \$12,305,000. Pending the issuance of such Bonds, funds necessary to finance such costs shall be advanced from such source of funds on hand and available for such purpose, and any amounts so advanced shall be reimbursed from the proceeds of the Bonds.

Section 23. Non-Arbitrage Certification. The Municipality certifies and covenants with the Owners of any series of tax-exempt Bonds issued hereunder that so long as the principal of any Bond remains unpaid, monies on deposit in any fund or account in connection with the Bonds, whether or not from any other source, will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Municipality reserves the right, however, to make any investment of such monies permitted by Tennessee law and this Resolution if, when and to the extent that said Section 148 or regulations promulgated thereunder shall be repealed or relaxed or shall be held void by final decision of a court of competent jurisdiction, but only if any investment made by virtue of such repeal, relaxation, or decision would not, in the opinion of Bond Counsel, result in making the interest on the Bonds subject to federal income taxation.

The Municipality covenants that it shall comply with Section 148(f) of the Code, unless legally exempted therefrom, and the Municipality represents that in the event it shall be required by Section 148(f) of the Code to pay "Rebatable Arbitrage," as such term is defined and used in the Code, pursuant to the Code, to the United States Government, it will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Bonds from becoming subject to inclusion in the gross income of the Owners of the Bonds for purposes of federal income taxation.

Section 24. Continuing Disclosure. The Municipality hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the Municipality to comply with the Continuing Disclosure Certificate shall not be considered an event of default; however, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Municipality to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the Owner of any Bonds for federal income tax purposes.

Section 25. Amendments. After the issuance of the Bonds, no change, variation, or alteration of any kind in the provisions of this Resolution shall be made in any manner, until such time as all of the principal of and interest on the Bonds shall have been paid in full unless the consent of all of the Owners of all the Outstanding Bonds have been obtained; provided, however, that the Municipality is hereby authorized to make such amendments to this Resolution as will not impair the rights of the Bondholders. The laws of the State of Tennessee shall govern this Resolution.

Section 26. No Action to be Taken Affecting Validity of the Bonds. The Board hereby covenants and agrees that it will not take any action, that would in any manner affect the validity of the Bonds or limit the rights and remedies of the Owners from time to time of such Bonds or affect the exclusion of interest thereon from the gross income of the owners thereof for purposes of federal income taxation.

Section 27. Discharge and Satisfaction of Bonds. If the Municipality shall pay and discharge the entire indebtedness evidenced by any of the Bonds in any one or more of the following ways:

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

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

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

If the Municipality shall also pay or cause to be paid all other sums payable hereunder by the Municipality with respect to such Bonds, or make adequate provision therefor, and by resolution of the Board instruct any such Trustee to pay amounts when and as required to the Registration Agent for the payment of principal of, premium, if any, and interest on, such Bonds when due, then and in that case indebtedness evidenced by such Bonds shall be discharged and satisfied, and all covenants, agreements, and obligations of the Municipality to the owners of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate, and become void.

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

Except as otherwise provided in this Section neither Government Obligations nor monies deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on, said Bonds; provided that any cash received from such principal or interest payments on such Government Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Municipality as received by the Registration Agent, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal of, premium, if any, and interest, to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Municipality, as received by the Registration Agent.

Nothing contained in this Section shall be construed to alter or change the redemption provisions set forth herein. No redemption privilege shall be exercised with respect to the Bonds except at the option and election of the Municipality. The optional right of redemption shall not be exercised by the Registration Agent unless expressly so directed by an Authorized Representative of the Municipality.

Section 28. Miscellaneous Acts. The Mayor, the Recorder, the Treasurer, the City Manager, and the City Attorney, and all other appropriate officials of the Municipality are hereby authorized, empowered, and directed to do any and all such acts and things, and to execute, acknowledge, and deliver all such documents, instruments, and certifications, specifically including but not limited to, entering into an agreement with the Financial Advisor to provide financial advisory services for the Municipality and services related to the issuance, sale, and delivery of the Bonds, and making arbitrage certifications, in addition to those acts, things, documents, instruments, and certifications hereinbefore authorized and approved, as may in their discretion, be necessary or desirable to implement or comply with the intent of this Resolution;

or any of the documents herein authorized and approved, or for the authorization, issuance, and delivery of the Bonds.

Section 29. Failure to Present Bonds. (a) In the event any Bond shall not be presented for payment when the principal becomes due at maturity and in the event monies sufficient to pay such Bond shall be held by the Registration Agent for the benefit of the Owner thereof, all liability of the Municipality to such Owner for the payment of such Bond shall forthwith cease, terminate, and be completely discharged. Thereupon, the Registration Agent shall hold such monies, without liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted exclusively to such monies for any claim under the Resolution or on, or with respect to, said Bond.

(b) If any Bond shall not be presented for payment within a period of five years following the date when such Bond becomes due, whether by maturity or otherwise, the Registration Agent shall, subject to the provisions of any applicable escheat or other similar law, pay to the Treasurer or the official of the Municipality designated by law as the custodian of such funds, any monies then held by the Registration Agent for the payment of such Bond and such Bond shall (subject to the defense of any applicable statute of limitation) thereafter constitute an unsecured obligation of the Municipality.

Section 30. Payments Due on Saturdays, Sundays, and Holidays. In any case where the date of maturity or interest on or principal of any Bond shall be a Saturday or Sunday or shall be, at the place designated for payment, a legal holiday or a day on which banking institutions similar to the Registration Agent are authorized by law to close, then the payment of the interest on, or the principal of such Bonds need not be made on such date but must be made on the next succeeding day not a Saturday, Sunday, or a legal holiday or a day upon which banking institutions similar to the Registration Agent are authorized by law to close, with the same force and effect as if made on the date of maturity and no interest shall accrue for the period after such date.

Section 31. No Recourse Under Resolution or on Bonds. All stipulations, promises, agreements, and obligations of the Municipality contained in the Initial Resolution or this Resolution shall be deemed to be the stipulations, promises, agreements, and obligations of the Municipality and not of any officer, director, or employee of the Municipality in his or her individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on the Initial Resolution or this Resolution against any officer, director, or employee of the Municipality or against any official or individual executing the Bonds.

Section 32. Partial Invalidity. If any one or more of the provisions of this Resolution, or of any exhibit or attachment thereto, shall be held invalid, illegal, or unenforceable in any respect, by final decree of any court of lawful jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, or of any exhibit or attachment thereto, but this Resolution, and the exhibits and attachments thereto, shall be construed the same as if such invalid, illegal, or unenforceable provision had never been contained herein, or therein, as the case may be.

Section 33. Severability. If any section, paragraph, or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or enforceability of such section, paragraph, or provision shall not affect any of the remaining provisions hereof.

Section 34. Repeal of Conflicting Resolutions and Effective Date. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflict, hereby repealed and this Resolution shall be in immediate effect from and after its adoption, the welfare of the Municipality requiring it.

Approved and adopted this 18th day of November, 2008.

MAYOR

ATTEST:

APPROVED AS TO FORM:

RECORDER

CITY ATTORNEY

STATE OF TENNESSEE
COUNTIES OF SULLIVAN AND HAWKINS

I, James H. Demming, hereby certify that I am the duly qualified and acting Recorder of the City of Kingsport, Tennessee (the "Municipality"), and, as such official, I further certify as follows: (1) that attached hereto is a copy of a resolution excerpted from the minutes of the meeting of the Board of Mayor and Aldermen (the "Board") of said Municipality held on November 18, 2008; (2) that I have compared said copy with the original minute record of said meeting in my official custody; (3) that said copy is a true, correct, and complete transcript from said original record insofar as said original record relates, to, among other matters, the authorization, issuance, and sale of not to exceed \$12,305,000 General Obligation Public Improvement Bonds of said Municipality; (4) that the actions by said Board including the aforementioned, at said meeting were promptly and duly recorded by me in a book kept for such purposes; and, (5) that a quorum of the members of said Board was present and acting throughout said meeting.

WITNESS my official signature and the seal of said Municipality this 18th day of November, 2008.

RECORDER

(SEAL)

FORM OF BOND

EXHIBIT "A"

Registered
No. _____

Registered
\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTIES OF SULLIVAN AND HAWKINS
CITY OF KINGSPORT
GENERAL OBLIGATION PUBLIC IMPROVEMENT BOND,
SERIES 2009A

Interest Rate: Maturity Date: Dated Date: CUSIP:

Registered Owner: CEDE & CO.

Principal Amount:

THE CITY OF KINGSPORT, TENNESSEE (the "Municipality"), a lawfully organized and existing municipal corporation located in Sullivan and Hawkins Counties, Tennessee, for value received, hereby acknowledges itself indebted and promises to pay, as hereinafter provided, to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, unless this bond shall have been duly called for prior redemption and payment of the redemption price shall have been made or provided for, upon the presentation and surrender hereof at the principal corporate trust office of Regions Bank, or its successor as paying agent and registration agent (the "Registration Agent"), the Principal Amount identified above, in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay interest on said Principal Amount from the date hereof, or such later date as to which interest has been paid, semiannually on March 1 and September 1 of each year (the "Interest Payment Date"), commencing September 1, 2009, to said Registered Owner hereof by check or other form of draft of the Registration Agent mailed to the Registered Owner at the address shown on the registration books of the Municipality, maintained by the Registration Agent, as of the close of business on the fifteenth (15th) calendar day of the month next preceding an Interest Payment Date (the "Regular Record Date"), in like coin or currency at the Interest Rate per annum set forth above until payment of said Principal Amount. Provided, however, that should the Municipality default in the payment of interest on such Interest Payment Date, such defaulted interest (the "Defaulted Interest") shall be payable to the person in whose name this bond is registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest established by notice mailed by the Registration Agent on behalf of the Municipality not less than ten (10) calendar days preceding such Special Record Date by first class mail, postage prepaid, to the Registered Owner hereof at the address thereof as it appears on the registration books of the Municipality maintained by the Registration Agent as of the date of such notice, which notice shall identify the proposed payment of such Defaulted Interest and the Special Record Date therefor.

In the event that any amount payable hereunder as interest shall at any time exceed the rate of interest lawfully chargeable on this bond under applicable law, any such excess shall, to the extent of such excess, be applied against the principal hereof as a prepayment thereof without penalty, and such excess shall not be considered to be interest. 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.

The principal hereof and all installments of interest hereon, shall bear interest from and after their respective due dates at the same rate of interest payable on the principal hereof.

This bond is authorized and issued pursuant to and in full compliance with, the Constitution and the statutes of the State of Tennessee, including, but not limited to, Title 9, Chapter 21, Tennessee Code Annotated, as amended. Section 9-21-117, Tennessee Code Annotated, as amended, provides that this bond and the income therefrom shall be exempt from all state, county, and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes, and except as otherwise provided in said Code.

This bond is one of a series of bonds known as "General Obligation Public Improvement Bonds, Series 2009A" (the "Bonds"), issued by the Municipality in the aggregate principal amount of \$12,305,000. The Bonds, which are issued for the purpose of providing funds to finance a portion of the costs of certain public works projects, consisting of the acquisition of public art; the acquisition and construction of public parks and recreational facilities; street, road and bridge construction and improvements within the Municipality; land acquisition, equipping, and feasibility studies in connection with the Municipality's storm water management project; the acquisition, construction, renovation, improvement and equipping of schools and related school facilities within the Municipality; site assessment and design expenditures in connection with the renovation, expansion and improvement of the Municipality's library; architectural, engineering, design, and preliminary expenditures in connection with the renovation, expansion, and improvement of the Municipality's Justice Center; the acquisition and construction of a downtown public parking garage; the acquisition of all property real and personal, appurtenant thereto or connected with such work (collectively, the "Project"); and to pay legal, fiscal, administrative, and engineering costs, to reimburse the Municipality for the costs of any of the above projects, to pay capitalized interest, and to pay costs incident to the issuance and sale of the Bonds, are authorized by appropriate resolutions of the Board of Mayor and Aldermen and particularly that certain Resolution of the Board of Mayor and Aldermen, adopted on November 18, 2008, entitled "Resolution Authorizing the Execution, Terms, Issuance, Sale, and Payment of Not to Exceed \$12,305,000 General Obligation Public Improvement Bonds, In One or More Series, of the City of Kingsport, Tennessee, and Providing the Details Thereof", as such resolution may be from time to time amended or supplemented in accordance with its terms (such resolution as so amended or supplemented, being herein called the "Resolution"), and is issued pursuant to, and in full compliance with, the Constitution and the statutes of the State of Tennessee, including, but not limited to, Title 9, Chapter 21, Tennessee Code Annotated, as amended (the "Act"). Copies of said Resolution are on file at the office of the Recorder of the Municipality, and reference is hereby made to said Resolution and the Act, for a more complete statement of the terms and conditions upon which the Bonds are issued thereunder, the rights, duties, immunities, and obligations of the Municipality, and the rights of the Registered Owner hereof.

This bond is payable from funds of the Municipality legally available therefor and to the extent necessary from ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality without limitation as to time, rate, or amount. For the prompt payment of this bond, both principal, premium, if any, and interest, as the same shall become due, the full faith, and credit of the Municipality is hereby irrevocably pledged.

The Municipality and the Registration Agent may deem and treat the person or entity in whose name this bond is registered as the absolute owner hereof, whether such bond shall be overdue or not, for the purpose of receiving payment of the principal of, premium, if any, and interest on, this bond and for all other purposes. All such payments so made shall be valid and effectual to satisfy and discharge the liability upon this bond to the extent of the sum or sums so paid, and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary.

The Bonds are issuable only as fully registered Bonds, without coupons, in the denomination of \$5,000, or any authorized integral multiple thereof. At the principal corporate trust office of the Registration Agent, in the manner and subject to the limitations, conditions, and charges provided in the Bond Resolution, Bonds may be exchanged for an equal aggregate principal amount of fully registered Bonds of the same maturity, of authorized denominations, and bearing interest at the same rate.

The Bonds will be made eligible for processing by DTC. The Bonds in the form of one global bond for each maturity need not be lithographed or printed on steel engraved or printed borders. Except as otherwise provided in this paragraph, the Bonds shall be registered in the name of Cede & Co. as nominee of DTC. The Municipality may discontinue use of DTC as depository for the Bonds at any time upon determination by the Municipality that the use of DTC is no longer in the best interest of the beneficial owners of the Bonds. Registered ownership of the Bonds may be transferred on the registration books maintained by the Registration Agent and the Bonds may be delivered in physical form to the following:

- (i) any successor of DTC or its nominee;
- (ii) any substitute depository upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the Municipality that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; or,
- (iii) any Person, as defined in the Resolution, upon (a) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository, or (b) termination by the Municipality of the use of DTC (or substitute depository or its successor).

Subject to the provisions for registration and transfer contained herein and in the Resolution, this bond shall be transferable by the Registered Owner at the principal office of the Registration Agent upon surrender and cancellation of this bond, and thereupon a new Bond of the same series, principal amount, interest and maturity will be issued to the transferee as provided in the Resolution and upon payment of the transfer charges therein prescribed. Upon any such transfer, the

Municipality shall execute and the Registration Agent shall authenticate and deliver in exchange for this bond a new fully registered bond or bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this bond, of the same maturity and bearing interest at the same rate. For every exchange or transfer of bonds, whether temporary or definitive, the Municipality and the Registration Agent may make a charge, unless otherwise herein to the contrary expressly provided, sufficient to pay for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer, all of which taxes, fees, or other governmental charges shall be paid by the person or entity requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Municipality and the Registration Agent, and any other person, may treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment hereof, and for all other purposes, and shall not be affected by any notice to the contrary, whether this bond be overdue or not.

The Bonds maturing March 1, 2011, through March 1, 2019, are not subject to redemption prior to maturity. The Bonds maturing on and after March 1, 2020, are subject to redemption prior to maturity on March 1, 2019, and at any time thereafter, at the option of the Municipality, as a whole or in part, in integral multiples of \$5,000 (less than all Bonds of a single maturity to be selected by lot by the Registration Agent), at the price of par plus accrued interest to the date fixed for redemption.

Notice of intended redemption shall be given by the Registration Agent on behalf of the Municipality to the Registered Owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the registration books kept by the Registration Agent. Notice of intended redemption shall be given not less than thirty (30) calendar days, nor more than sixty (60) calendar days prior to the date fixed for redemption.

This bond shall have all the qualities and incidents of, and shall be a negotiable instrument under, the Uniform Commercial Code of the State of Tennessee, subject only to provisions respecting registration of such bond. This bond is issued with the intent that the laws of the State of Tennessee shall govern its construction.

It is hereby certified, recited, and declared that all acts and conditions required to be done and to exist precedent to, and in the issuance of, this bond in order to make this bond a legal, valid, and binding obligation of the Municipality, have been done, and did exist in due time and form as required by the Constitution and statutes of the State of Tennessee, and that this bond and the issue of which it is a part, together with all other indebtedness of such Municipality, does not exceed any limitation prescribed by the Constitution or statutes of the State of Tennessee.

IN WITNESS WHEREOF, THE CITY OF KINGSPORT, TENNESSEE, by its Board of Mayor and Aldermen has caused this bond to be executed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the Recorder, to have its official seal, or a facsimile thereof, to be impressed or imprinted hereon, and to be approved as to form by the manual or facsimile signature of the City Attorney, all as of _____.

(SEAL)

ATTEST:

RECORDER

MAYOR

APPROVED AS TO FORM:

CITY ATTORNEY

Date of Authentication:

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the provisions of the within mentioned Resolution and is one of the General Obligation Public Improvement Bonds, Series 2009A of the City of Kingsport, Tennessee.

REGIONS BANK,
as Registration Agent

By: _____
Authorized Officer

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-registered Bond and do(es) hereby irrevocably constitute and appoint, attorney, to transfer the same on the registration books of the Registration Agent, with full power of substitution in the premises.

Dated: _____

SIGNATURE GUARANTEED:

SIGNATURE:

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

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

City of Kingsport
Proposed Capital Projects
\$12,305,000 General Obligation Public Improvement Bonds

	<u>Funds Needed</u>
K Play Park and Recreation Facility Improvements (Grant Match)	\$400,000
Various Road Improvements	5,000,000
Stormwater Management Project - Modeling Study, Land Acquisition, Pipe	700,000
Riverwalk Project - Land acquisition, engineering design studies, select infrastructure improvements	600,000
School Projects - land acquisition, expand band room, security modifications for school entrances	1,100,000
Library Design and renovations - site assessment and preliminary design	200,000
Justice Center - design and architect fees (Total Cost \$4,000,000)	260,000
Downtown Parking Garage - 300 space garage with retail and office space	3,800,000
	<hr/>
	<u>\$12,060,000</u>

FY 2009 Proposed Road Projects

The total estimated cost of these five projects is \$5,000,000.

1. Cleek Road Phase I – This project consists of adding width to both New Beasonwell Rd. and Cleek Rd. at their intersection with Stone Drive (SR 1, US 11W) to provide for the separation of left, thru and right turns, reduce delays and improve the alignment between left turning traffic. Also included in this project is the addition of a left turn lane on Stone Dr. westbound for traffic turning onto Cleek Rd. as well as the extension of the eastbound left turn. This project would improve approximately 500' of New Beasonwell Rd. and 770' of Cleek Rd. The estimated cost for this project is approximately \$825,000.
2. Harbor Chapel Road – This project would provide a wider two lane roadway with a multi-use mobility path along Harbor Chapel Drive from just south of Skyland Dr. to Cooks Valley Rd. and also improve the alignment of Cooks Valley Road between Harbor Chapel Road and Harbor Springs Dr. At the Road Workshop this was presented as a two phase project due to maintenance of traffic, however at this time we propose that it be design as one project and we will take care of the maintenance of traffic through the contract documents. The estimated cost is approximately \$1,680,000 (combined).
3. Clinchfield / Center Intersection Improvements – This project includes the resurfacing of the intersection, mast arm traffic signal, additional right turn lanes and an additional lane in the area of the old railroad bed to align the two Clinchfield St. approaches and provide a left turn northbound. This will remove the grade problem the railroad tracks caused and provide for reduced delays and confusion. The estimated cost for this project is \$385,000.
4. Netherland Inn Road / Industry Drive / Center Street Roundabout - This project would construct a modern roundabout at this intersection, similar to the one built at the intersections of Watauga / Gibson Mill / Ravine. This would increase safety and reduce delay and confusion experienced at the existing intersection and is an integral part of the development of the Kingsport Riverwalk Redevelopment. The estimated cost is \$935,000.
5. Rock Springs Road Improvements – This project involves upgrading Rock Springs Road from the southwesterly City Limits to Rock Springs Drive (SR 347) to an improved two-lane section. It will provide wider travel lanes, shoulder and some realignments at key locations to improve safety. The cost opinion of this project is \$1,175,000.



AGENDA ACTION FORM

Consideration of Reappointment to the Kingsport Beverage Board

To: Board of Mayor and Aldermen
 From: John G. Campbell, City Manager

Action Form No.: AF: 352-2008
 Work Session: November 17, 2008
 First Reading: November 18, 2008

Final Adoption: November 18, 2008
 Staff Work By: City Clerk Liz Gilbert
 Presentation By: Mayor Phillips

Recommendation: Approve the reappointment of Mr. Nathan D. Blye to the Kingsport Beverage Board.

Executive Summary:

Mr. Blye is currently serving on the Beverage Board, having been appointed to complete the term of John Bowles, which term will expire as of December 31, 2008. Mr. Blye has agreed to serve an additional three-year term on the Beverage Board, if approved by the Board of Mayor and Aldermen, and will be reappointed to a term, effective January 1, 2009 and expiring December 31, 2011.

Attachments:

1. Biography of Nathan D. Blye

Funding source appropriate and funds are available: N/A

	<u>Y</u>	<u>N</u>	<u>O</u>
Joh	—	—	—
Mallicote	—	—	—
Marsh	—	—	—
Munsey	—	—	—
Shull	—	—	—
Shupe	—	—	—
Phillips	—	—	—

**BIOGRAPHY
OF
NATHAN D. BLYE**

Nathan D. Blye is a Kingsport native. He is the Section 8 Director for the Kingsport Housing and Redevelopment Authority. He has been with KHRA for over 18 years. He is a retired Eastman employee of 33 years. Many years ago he was a member of the Advisory Board in Kingsport.



AGENDA ACTION FORM

Consideration of an Ordinance Authorizing the Mayor to Execute a Quitclaim Deed to the Industrial Development Board of the City of Kingsport, Tennessee

To: Board of Mayor and Aldermen
 From: John G. Campbell, City Manager *John G. Campbell*

Agenda Form No.: AF-348-2008
 Work Session: November 3, 2008
 First Reading/ (Business Matters Held):
 November 4, 2008

Final Adoption: November 18, 2008
 Staff Work: Billingsley, Campbell
 Presentation: Campbell

Recommendation: Approve the ordinance.

Executive Summary:

In the development of the Regional Center for Applied Manufacturing (RCAM) a conveyance of three small tracts of land owned by the city are needed. These tracts are parts of the former right-of-way of Main Street, originally intended to continue straight into what is now the Domtar facility, and some property conveyed by Mr. Richard Ripley to the city in a property swap that the board approved at its last business meeting. Attached is a map showing the three tracts, which are identified by the green shading. The property for the RCAM is being assembled by the Industrial Development Board of the City of Kingsport, Tennessee (generally known as KEDB). The conveyance of this property to KEDB will facilitate the RCAM project. The property, which is of nominal value, will be conveyed to KEDB for a nominal consideration (\$1.00).

Attachments:

1. Ordinance
2. Map

	Y	N	O
Joh	—	—	—
Mallicote	—	—	—
Marsh	—	—	—
Munsey	—	—	—
Shull	—	—	—
Shupe	—	—	—
Phillips	—	—	—



AGENDA ACTION FORM

Consideration of an Ordinance to Appropriate Funds From the General Fund Balance for the Completion of the Construction of the Veterans Memorial

To: Board of Mayor and Aldermen
From: John Campbell, City Manager *John Campbell*

Action Form No.: AF-351-2008
Work Session: November 3, 2008
First Reading/ (Business Matters Held): November 4, 2008

Final Adoption: November 18, 2008
Staff Work By: M. Billingsley / J. Smith/J. Campbell
Presentation By: John Campbell

Recommendation: Approve the ordinance

Executive Summary:

Kingsport Tomorrow presented to the BMA construction estimates for the Veteran's Memorial and requested \$248,133 to complete the project.

The attached ordinance will appropriate \$248,000 from the General Fund Undesignated Fund Balance to complete the construction. A resolution and agreement are also attached stating that the amount appropriated shall not exceed \$248,000.

Attachments:

1. Resolution
2. Budget Ordinance
3. Agreement

	<u>Y</u>	<u>N</u>	<u>O</u>
Joh	—	—	—
Mallicote	—	—	—
Marsh	—	—	—
Munsey	—	—	—
Shull	—	—	—
Shupe	—	—	—
Phillips	—	—	—



AGENDA ACTION FORM

Consideration of Approval of Offers for Easements and Right-of-Ways for the Stone Edge Drive Slope Improvements Project

To: Board of Mayor and Aldermen
 From: John G. Campbell, City Manager *[Signature]*

Action Form No.: AF-367-2008
 Work Session: November 17, 2008
 First Reading: November 17, 2008
 Final Adoption: November 18, 2008
 Staff Work By: R. Trent, R. Hammonds
 Presentation By: R. McReynolds

Recommendation: Approve the offers.

Executive Summary:

In order to resolve drainage issues on Stone Edge Drive, the Public Works Department has requested right-of-ways and easements across affected properties. Appraisals have been prepared in accordance with the City of Kingsport's Real Property Acquisition Policies & Procedures and indicate the fair market values as per the attached property owners.

This project is funded under #GP0807.

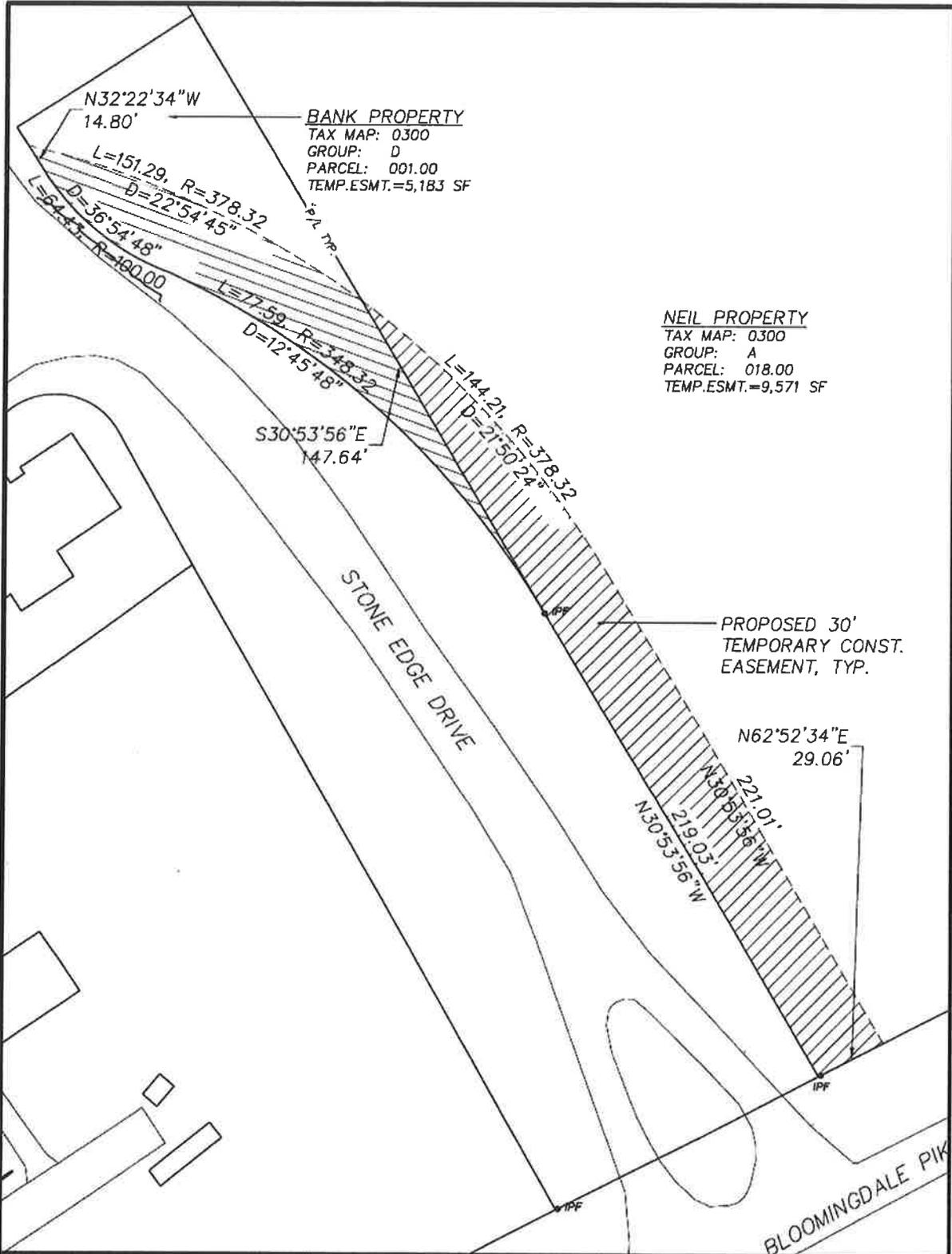
<u>Tax Map & Parcel</u>	<u>Property Owner</u>	<u>Easement Area</u>	<u>Appraised Value</u>
#0300; D-001.00	State of Franklin Savings Bank 1907 North Roan Street Johnson City, TN 37601	Temp. 5,183 sq. ft	\$200.00
#0300; A-018.00	Charles Neil 244 Starmount Road Danville, VA 24540	Temp. 9,571 sq. ft.	\$300.00

Attachments:

1. Project Location Maps

Funding source appropriate and funds are available: _____

	<u>Y</u>	<u>N</u>	<u>O</u>
Joh	—	—	—
Mallicote	—	—	—
Marsh	—	—	—
Munsey	—	—	—
Shull	—	—	—
Shupe	—	—	—
Phillips	—	—	—



ALL BEARINGS KNOWN
 (KINGSPORT GEODETIC
 REFERENCE NETWORK)


 NORTH

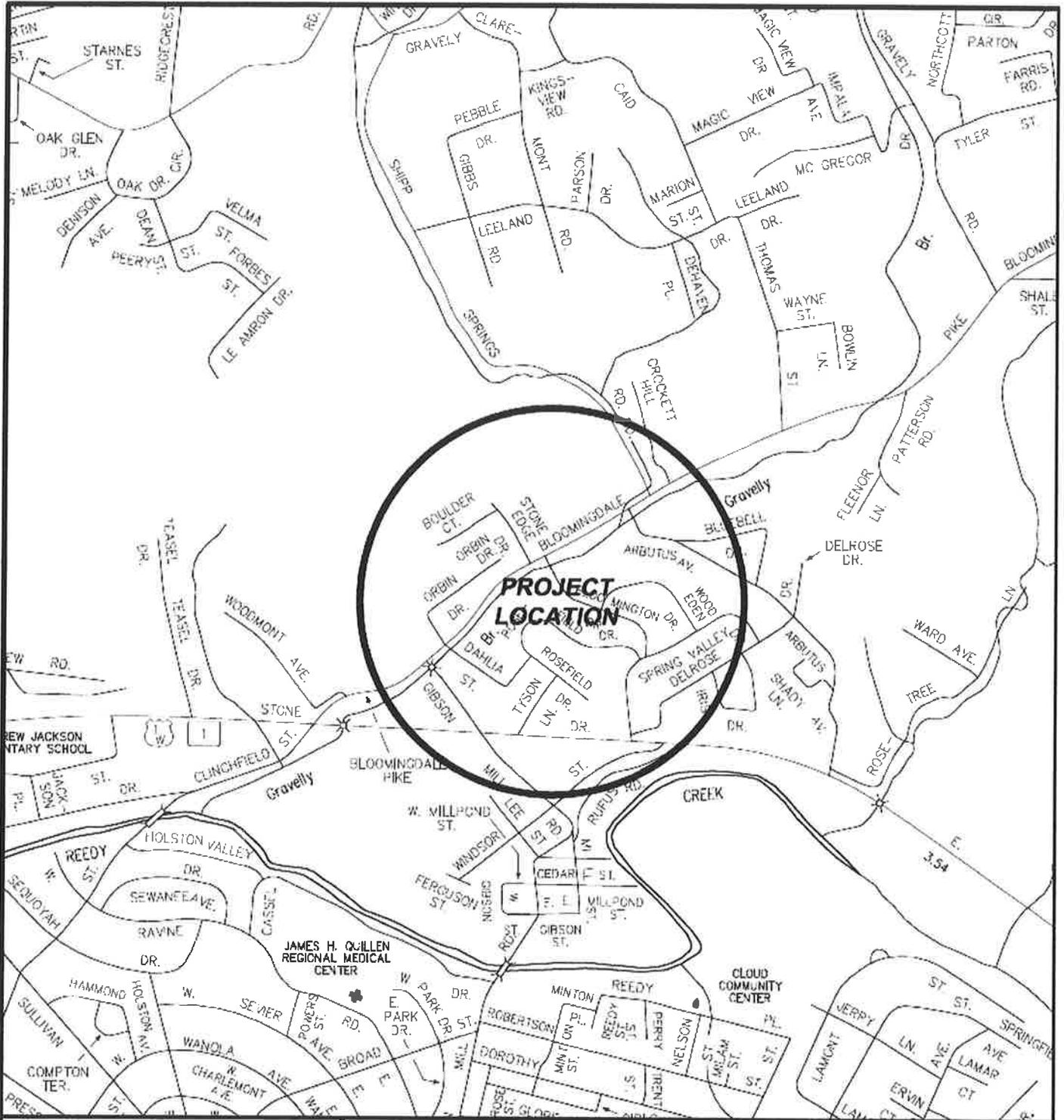
**PROPOSED TEMPORARY CONSTRUCTION EASEMENT
 ACROSS
 CHARLES NEIL and
 STATE OF FRANKLIN SAVINGS BANK PROPERTIES**

Located in the 11th Civil District of Sullivan Co., TN

OFFICE OF THE CITY ENGINEER
 DATE: 13 OCTOBER 2008

KINGSPORT, TN
 SCALE: 1"=50'

N-2264



ALL BEARINGS KGRN
(KINGSFORD GEODETIC
REFERENCE NETWORK)



STONE EDGE DRIVE TEMPORARY CONSTRUCTION EASEMENT

OCTOBER 13, 2008

NO SCALE



AGENDA ACTION FORM

Consideration of an Approval of Offer for Easements and Right-of-Ways for the Chestnut Ridge Road Sewer Line Extension Project

To: Board of Mayor and Aldermen
 From: John G. Campbell, City Manager *[Signature]*

Action Form No.: AF-368-2008
 Work Session: November 17, 2008
 First Reading: November 18, 2008
 Final Adoption: November 18, 2008
 Staff Work By: R. Trent, L. Williams
 Presentation By: R. McReynolds

Recommendation:

Approve the offer.

Executive Summary:

In order to extend sanitary sewer services to new residences in the Chestnut Ridge Road area, the Public Works Department has requested a right-of-way and easement across affected property. An appraisal has been prepared in accordance with the City of Kingsport's Real Property Acquisition Policies & Procedures and indicates the fair market value as per the attached property owner.

This project is funded under #412-5004-501-9001.

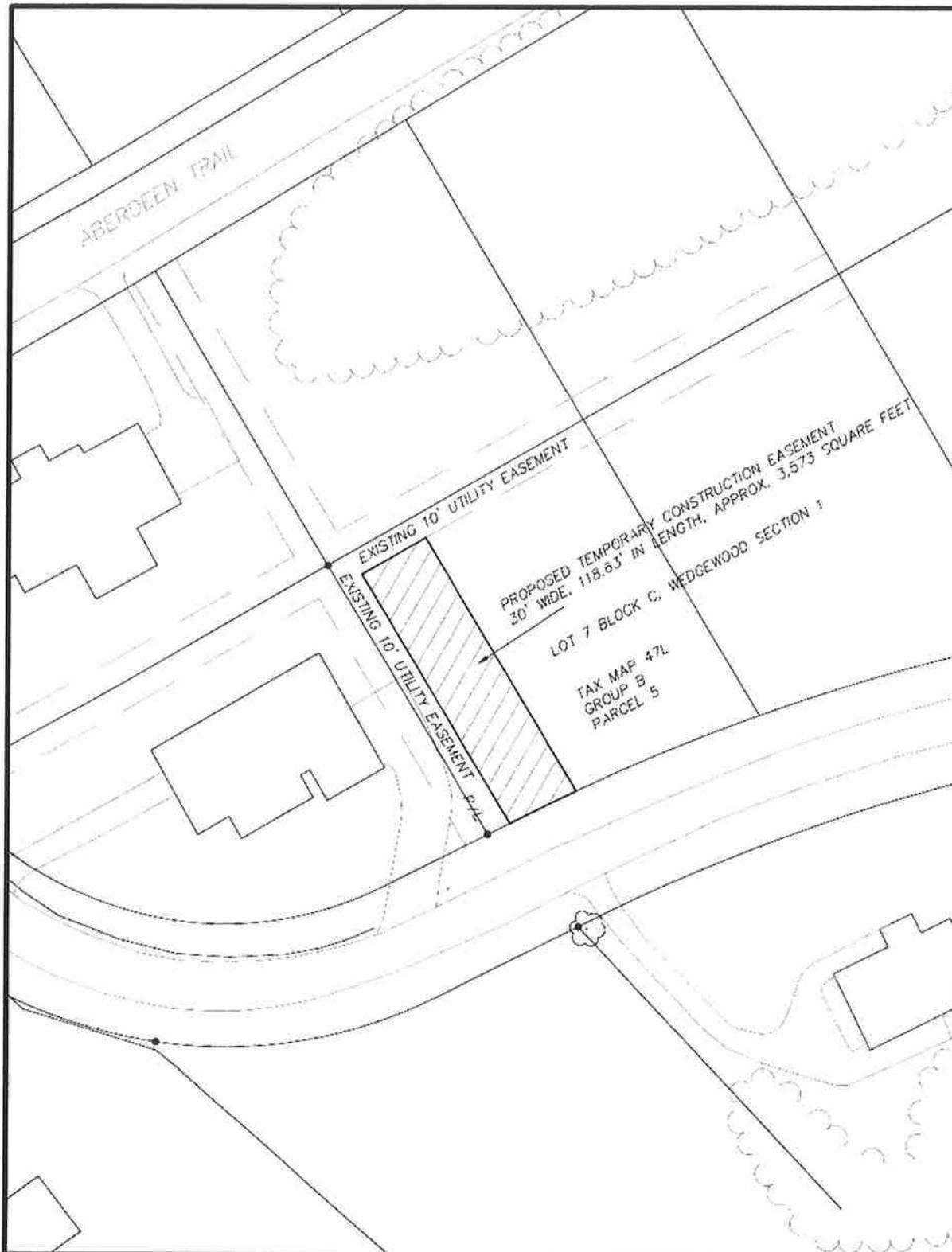
Tax Map & Parcel	Property Owner	Easement Area	Appraised Value
047L;B-005.00	George Livesay, etal c/o Riggs Brothers Construction 10105 John B. Dennis Highway Kingsport, Tennessee 37660	Temp. 3,573 sq. ft.	\$840.00

Attachments:

- 1. Project Location Maps

Funding source appropriate and funds are available: _____

	Y	N	O
Joh	—	—	—
Mallicote	—	—	—
Marsh	—	—	—
Munsey	—	—	—
Shuli	—	—	—
Shupe	—	—	—
Phillips	—	—	—



ALL BEARINGS FROM
(KINGSPORT GEODETIC
REFERENCE NETWORK)



**PROPOSED TEMPORARY CONSTRUCTION EASEMENT
ACROSS
LOT 7, BLOCK C, WEDGEWOOD SECTION 1**
LOCATED IN THE 10th CIVIL DISTRICT OF SULLIVAN CO., TENNESSEE

OFFICE OF THE CITY ENGINEER
DATE: 13 OCTOBER 2008

N-2263

KINGSPORT, TN
SCALE: 1=50'