



AGENDA

BOARD OF MAYOR AND ALDERMEN WORK SESSION

**Tuesday, September 2, 2014
Council Room, 2nd Floor, City Hall, 4:00 p.m.**

Board of Mayor and Aldermen

Mayor Dennis R. Phillips, Presiding
Vice Mayor Mike McIntire
Alderman John Clark
Alderman Colette George

Alderman Andy Hall
Alderman Tom C. Parham
Alderman Tom Segelhorst

Leadership Team

Jeff Fleming, City Manager
Chris McCartt, Assistant City Manager for Administration
Ryan McReynolds, Assistant City Manager for Operations
J. Michael Billingsley, City Attorney
Jim Demming, City Recorder/Chief Financial Officer
David Quillin, Police Chief
Craig Dye, Fire Chief
Morris Baker, Community Services Director
Lynn Tully, Development Services Director
Tim Whaley, Community and Government Relations Director

1. Call to Order
2. Roll Call
3. Stormwater Update – Steve Robbins
4. CareHere Report – Sherrill Morgan Representative
5. Work Session Tickler
6. Review of Items on September 2, 2014 Business Meeting Agenda
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

September 2, 2014

Special Projects

Softball/Baseball Field Transition

David Mason

Thomas Construction is continuing with cut and fill grading operations on the site and has also started installing underground storm water structures. Blasting of the shale ridge extending behind field 3 has wrapped up, but another small area behind field 4 was discovered. The contractor anticipates about 1 or 2 shots to complete this area.

The contract for the Ballpark construction has been executed with Denark Construction to include the base bid plus alternate 2 for the concessions brick accent, and alternate 3 for the maintenance area, for a total contact amount of \$3,699,500. Denark Construction is coordinating with Thomas Construction to schedule mobilization as portions of the site work are completed.

Fire Training Ground

Chief Dye

FUNDING IS IN PLACE. We are working on the Specifications for a Burn Building/Training Tower. There are some props at our old training facility that we are checking to see if they could be moved to the new one. Eastman has donated a double wide and single wide office trailer for us to use until structures can be built. One will be a possible search structure and the other a classroom.



Welcome Center

Michael Thompson

The City waterline project to serve the Welcome Center is complete. The exterior of the primary structure and wood frame construction is near completion, with interior work currently underway. Current work includes tiling and painting and sidewalk forming and placement. P&W Construction Company, LLC is the general contractor for this TDOT project. The building project started on November 25, 2013, and completion is expected in late September 2014.

Fire Station 6 Upgrades

Chief Dye

The construction is moving forward. The building is being wrapped in a protective barrier as they go. They are placing the metal and brick in stages, all working closely together. Some walls that don't get brick work have been completed also with final coats of the special paint applied.

They hope to be done with the parking lot side by next week and move to the rear of the building. In a couple of weeks they will move around to the front side facing Ft. Henry Dr. Progress can be seen now. This will dramatically change the looks of the station, for the better.

The sidewalk slab where the flag pole has been added to the project will be torn out and re-done in the next week or two. A drain line will also be placed, so some of the shrubs will have to be removed. Overall the project is moving forward and things are looking good.



Carousel

Morris Baker

The Carousel Project is continuing to move forward. Tipton Construction is presently on site working to complete the necessary site work in preparation for the construction of the Carousel Roundhouse. Once this work is completed, GRC, contractor for Engage Kingsport, will move on-site to begin construction of the Roundhouse. This work currently being done is expected to be completed near mid-September. GRC is estimating the Roundhouse construction work to last approximately 6 months with the Carousel completion in March 2015.

Wilcox Mobility Path

Tim Elsea

Phase 5 design is 95% complete and will fill in the gap between Industry Drive and the Sluice Bridge. Work will include drainage components, raising parapet wall, and placing of a 7-foot wide, 6-inch raised sidewalk on the northwestern shoulder of roadway along both the Holston River and Sluice Bridges. TDOT will pay the 20% local match since Wilcox Drive is a state route. Staff will be working through each individual phase in order: Environmental, Design Review, Right-of-Way, and Construction Review plans in order to receive Notice to Proceed to Construction. Plans have been submitted to TDOT for Design review and approval to begin the Right-of-Way phase. Staff anticipates it will be fall 2014 at the earliest before project is ready for construction.

Wilcox Mobility Path continued

Environmental (NEPA) Phase – Approved 6/24/14

Design Phase – Given authorization to begin phase 6/24/14 – Received comments from TDOT on 8/13/14. Given permission to begin utility certification, bid book, permit certification, railroad certification. Plans were also sent to ROW office in Knoxville for ROW certification.

Right-of-Way – TBD

Construction -- TBD

WTP Raw Water Transmission and Intake Replacement Design

Niki Ensor

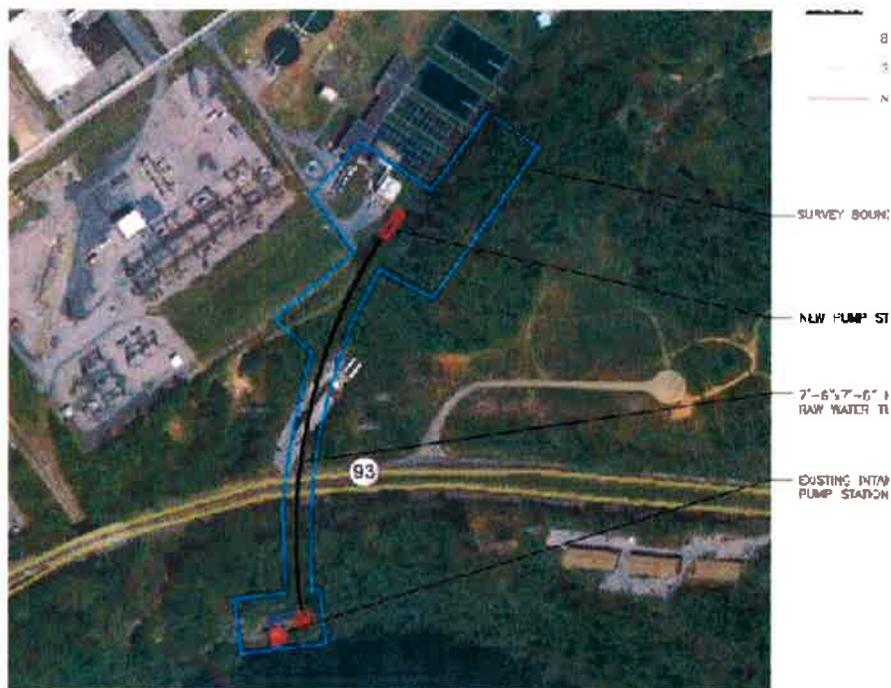
Engineer: CDMSmith

Schedule: May 2013 – May 2014

Project Update:

State Revolving Loan application will be considered at the September 8th SRF Board meeting. The project has been awarded \$1.5 M EDA grant.

Tunnel Alignment



Cooks Valley Road Improvements - Phase 2

Hank Clabaugh

Vic Davis Construction began work on August 7, 2014. The contractual completion date is December 6, 2014. The area of Cooks Valley Road from the intersections with Harbor Chapel Road and Harbor Springs Road will be closed to through traffic for the majority of the project. Clearing and grubbing of the project area and installation of erosion and sediment control measures have been completed. Current work includes mass grading, shoulder building, and rock hammering.

Cooks Valley Road Improvements - Phase 2 continued



Cooks Valley Road Improvements - Phase 2 continued



Legal

Risk Management

Terri Evans

Kingsport Employee Wellness

Kingsport Employee Wellness has been opened since June 26, 2013. The statistics for the utilized appointments for January through August 25, 2014 are: 94.2% utilization with 56.5% active employees, 34.7% dependents, 0.5% workers comp, 3.9% retirees, .1% extended patient services and 4.3% no-shows. CareHere's goal for no-show appointments is 5% or less. Given the high utilization percentage,

Kingsport Employee Wellness continued

we have added clinic hours. Effective February 24, 2014, the hours are Monday, Noon to 6:00 p.m.; Tuesday, 7:00 – 11:00 a.m.; Wednesday, 7:00 a.m. to 4:00 p.m.; Thursday, Noon to 6:00 p.m.; and Friday, 7:00 a.m. to 4:00 p.m. Wednesday and Friday, the center will close for lunch from 11:00 – noon.

Worker's Compensation

This information is provided the second meeting of the month to allow accurate reporting.

Budget Office

Judy Smith

Financial Comments

Local Option Sales Tax revenue for the month of June was \$1,411,977 which was \$2,189 above budget and \$67,343 above last year's actual. The year ended with a total of \$198,411 under budget and \$461,617 over last year's actual (3.09%).



AGENDA

BOARD OF MAYOR AND ALDERMEN

BUSINESS MEETING

Tuesday, September 2, 2014

**Large Courtroom – 2nd Floor, City Hall
7:00 p.m.**

Board of Mayor and Aldermen

Mayor Dennis R. Phillips, Presiding
Vice Mayor Mike McIntire
Alderman John Clark
Alderman Colette George

Alderman Andy S. Hall
Alderman Tom C. Parham
Alderman Tom Segelhorst

City Administration

Jeff Fleming, City Manager
Chris McCartt, Assistant City Manager for Administration
Ryan McReynolds, Assistant City Manager for Operations
J. Michael Billingsley, City Attorney
James Demming, City Recorder/Chief Financial Officer
David Quillin, Police Chief
Craig Dye, Fire Chief
Morris Baker, Community Services Director
Lynn Tully, Development Services Director
Tim Whaley, Community & Government Relations Director

I. CALL TO ORDER

II.A. PLEDGE OF ALLEGIANCE TO THE FLAG

II.B. INVOCATION – Minister Mike Beverly, Indian Springs Christian Church

III.A. ROLL CALL

IV. RECOGNITIONS & PRESENTATIONS

None

V. APPROVAL OF MINUTES

1. Regular Work Session – September 18, 2014
2. Regular Business Meeting – September 19, 2014

VI. COMMUNITY INTEREST ITEMS

AA. PUBLIC HEARINGS

1. Conduct a Public Hearing for the Proposed Stormwater Annual Compliance Report and Approve a Resolution Authorizing the Mayor to Execute the Document (AF: 241-2014) (Ryan McReynolds)
 - Public Hearing
 - Resolution

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 a Budget Ordinance to Appropriate \$6761.24 from the Department of Justice / Bureau of Justice Assistance, Justice Assistance Bulletproof Vest Partnership Funding (AF: 240-2014) (Chief Quillin)
 - Ordinance – First Reading
2. Consideration of an Ordinance to Amend the 2014/15 Project Budget Appropriating TIF Monies Collected in Previous Years (AF: 247-2014) (Lynn Tully)
 - Ordinance – First Reading
3. Consideration of an Ordinance to Amend the FY15 Operating Budgets and Various Projects (AF: 242-2014) (Jeff Fleming)
 - Ordinance – First Reading

C. BUSINESS MATTERS REQUIRING FINAL ADOPTION

1. Consideration of an Ordinance Authorizing Investments of Idle Funds and Adoption of an Investment Policy (AF: 198-2014) (Jim Demming)
 - Ordinance – **Second Reading and Final Adoption**

D. OTHER BUSINESS

1. Consideration of a Resolution Approving an Offer, Approving Tennessee Department of Transportation's Agreement of Sale and Authorizing the Mayor to Execute All Documents (AF: 239-2014) (Ryan McReynolds)
 - Resolution
2. Consideration of a Resolution to Amend the Lease Agreement with Kingsport Tomorrow and to Allow the Mayor to Sign All Documents Necessary and Proper as They Pertain to the Lease (AF: 243-2014) (Chris McCartt)
 - Resolution
3. Consideration of a Resolution to Offer a Limited Retirement Incentive to Eligible Employees (AF: 244-2014) (Jeff Fleming/Judy Smith)
 - Resolution

4. Consideration of Initial and Detailed Bond Resolutions Authorizing the Issuance of General Obligation Public Improvement Bonds, Series 2014 A in an Amount Not to Exceed \$16,750,000 (AF: 245-2014) (Jeff Fleming / Jim Demming)
 - Initial Resolution
 - Detailed Resolution
5. Consideration of Initial and Detailed Bond Resolutions Authorizing the Issuance of General Obligation Public Improvement Bonds, Series 2014 B in an Amount Not to Exceed \$9,550,000 (AF: 246-2014) (Jeff Fleming / Jim Demming)
 - Initial Resolution
 - Detailed Resolution
6. Consideration of a Resolution Expressing the Intent of the Board Concerning any Change to the Local Healthcare Systems (AF: 248-2014) (Mayor Phillips)
 - Resolution

E. APPOINTMENTS

None

VII. CONSENT AGENDA

1. Consideration of an Amending the Code of Ordinances Deleting the Reference to the Designated Alderman Pertaining to the Disposition of City Owned Real Property (AF: 231-2014) (Jeff Fleming)
 - Ordinance – **Second Reading and Final Adoption**
2. Consideration of an Ordinance Appropriating Funds Received from the Tennessee Arts Commission Arts Builds Communities Grant and Arts Project Support Grant and from the Tennessee Department of Agriculture (AF: 233-2014) (Judy Smith / Morris Baker)
 - Ordinance – **Second Reading and Final Adoption**

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, August 18, 2014, 3:00 PM
Council Room – City Hall

PRESENT: Board of Mayor and Aldermen

Mayor Dennis Phillips	
Alderman John Clark	Vice-Mayor Mike McIntire
Alderman Colette George	Alderman Tom C. Parham
Alderman Andy Hall	Alderman Tom Segelhorst

City Administration

Jeff Fleming, City Manager
J. Michael Billingsley, City Attorney
James H. Demming, City Recorder

1. **CALL TO ORDER:** 3:00 p.m. by Mayor Phillips.
2. **ROLL CALL:** By Deputy City Recorder Marshall.
3. **J. FRED JOHNSON STADIUM UPDATES.** Assistant City Manager Ryan McReynolds stated it was on time, under budget, and will be finished by the weekend for a walk through.
4. **FY15 CIP PRESENTATION.** City Manager Fleming gave a presentation on this item, noting this plan has been developed after meeting with each of the BMA members on an individual basis. He stated one of the key messages he has heard from their feedback is to focus on fundamentals first, such as streets, safety, and parks. Also, amenities to attract growth, better planning and improved project management were issues the board wanted staff to address. Mr. Fleming then provided details on street paving projects and planned developments and answered questions.
5. **WORK SESSION TICKLER.** Alderman Segelhorst commented on the workers comp injuries, noting an employee was hurt digging a bin out of a truck. Assistant City Manager McReynolds stated staff realized there would be problems with this vehicle and changed the specs for future orders. Mr. Segelhorst stated he would like to see a safer remedy for the truck until it is replaced. Fire Chief Dye stated the brick is going up on the new station.
6. **REVIEW OF AGENDA ITEMS ON THE AUGUST 19, 2014 REGULAR BUSINESS MEETING AGENDA.** City Manager Fleming, members of staff and community members gave 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.B.1 **Consideration of an Ordinance Amending the Code of Ordinances Deleting the Reference to the Designated Alderman Pertaining to the Disposition of City Owned Real Property** (AF: 231-2014). City Manager Fleming stated although this would remove the position of Designated Alderman, it would not change what the BMA approves regarding property. Mayor Phillips stated surplus property needs to get back on the tax rolls.

Minutes of the Regular Work Session of the Board of Mayor and Aldermen of Kingsport, Tennessee, Monday, August 18, 2014

VI.B.3 Consideration of an Ordinance Authorizing Investments of Idle Funds and Adoption of an Investment Policy (AF: 198-2014). City Recorder Demming stated the last group of financial policies was adopted in 2002. This item brings them to current standards.

VI.D.2 Consideration of a Resolution Approving a Revision to the Neighborhood Traffic Management Plan (AF: 232-2014). Assistant City Manager Ryan McReynolds discussed this item, noting the board had asked staff to review the policy of counting votes from neighborhood traffic calming surveys. He stated with this change, staff will only count the percentages of those who actually vote versus the population of the neighborhood.

VI.D.5 Consideration of a Resolution Authorizing the Mayor to Execute All Necessary and Proper Documents with Delta Dental of Tennessee for Employee Dental Insurance (AF: 227-2014). City Manager Fleming stated this insurance plan was totally optional and completely funded by the employees.

VI.D.6 Consideration of a Resolution Approving a Lease Agreement and License for Property Next to the Farmer's Market Complex with Engage Kingsport, Inc. to Construct a Carousel Roundhouse (AF: 168-2014). Assistant City Manager Chris McCartt explained this item set up the legalities so that Engage Kingsport may begin work on the Carousel construction. Mr. Reggie Martin gave further details, noting the board would be approving two items. One is the lease agreement which is not effective until September 15, 2014. The second item is a license that would allow work to begin for the actual lease goes into effect.

VI.D.7 Consideration of a Resolution Approving an Offer, Approving Tennessee Department of Transportation's Agreement of Sale and Authorizing the Mayor to Execute All Documents (AF: 235-2014). City Manager Fleming pointed out this was the Rotherwood Bridge and would allow an important connection to the greenbelt.

VI.D.9 Consideration of an Agreement Authorizing the Kingsport City Schools to Execute an Agreement with the Kingsport Boys and Girls Club to Transport Children from Various Kingsport City Schools to the Kingsport Boys and Girls Club (AF: 230-2014). Assistant City Manager Chris McCartt presented this item, noting that many years ago the city provided transportation for these kids but had to stop as their services grew. He stated the new buses that came in June will allow the schools to provide this service again. Mr. McCartt pointed out this has already been approved by the Board of Education.

VI.D.10 Consideration of a Resolution Approving an Offer, Approving Tennessee Department of Transportation's Agreement of Sale and Authorizing the Mayor to Execute All Documents (AF: 236-2014). City Manager Fleming presented this item. Alderman Segelhorst commented the amount was a lot. Mr. Fleming noted that when TDOT funds are used, we have to follow their processes, such as not using a local appraiser because they aren't certified. City Attorney Billingsley confirmed that a local appraiser is seeking this certification, pointing out the closest one at this time is in Knoxville.

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VII.2 Consideration of Approval of Offers for Easements and Right-of-Ways for the West Sullivan Street Phase 2 Road Widening Project (AF: 226-2014). City Manager Fleming commented this portion of the project extended from Clinchfield to Church Circle. Mayor Phillips noted the board would like to see Church Circle included somehow, as it is important to many board members.

BOARD COMMENT. Mayor Phillips stated there would be an open meeting at 5:00 p.m. about the Wellmont merger. The purpose of the meeting is to enlighten the community on other options and get feedback on what they would like to see. Alderman George commented on animal control, in particular regarding a case where a dog killed a cat. Chief Quillin gave details on the police response to these kinds of calls. Alderman Clark commented on health care, Wellmont and the budget books. Budget Director Judy Smith provided information on the FY14 budget.

PUBLIC COMMENT. Ms. Gail Cole commented on some activities on behalf of Engage Kingsport.

8. ADJOURN. Seeing no other matters presented for discussion at this work session, Mayor Phillips adjourned the meeting at 4:00 p.m.

ANGELA MARSHALL
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, August 19, 2014, 7:00 PM
Large Court Room – City Hall

PRESENT:

Board of Mayor and Aldermen

Mayor Dennis R. Phillips, Presiding
Alderman Colette George
Alderman Andy Hall
Vice-Mayor Mike McIntire

Alderman Tom C. Parham
Alderman Tom Segelhorst

City Administration

Jeff Fleming, City Manager
J. Michael Billingsley, City Attorney
James Demming, City Recorder/Chief Financial Officer

- I. **CALL TO ORDER:** 7:00 p.m., by Mayor Dennis R. Phillips.
- II.A. **PLEDGE OF ALLEGIANCE TO THE FLAG:** Alderman Andy Hall.
- II.B. **INVOCATION:** Pastor Mickey Rainwater, First Broad Street United Methodist Church.
- III. **ROLL CALL:** By City Recorder Demming. Absent: Alderman John Clark.
- IV. **RECOGNITIONS AND PRESENTATIONS.**
 1. Keep Kingsport Beautiful - Beautification Awards were presented by Ms. Robin Cleary and Alderman Segelhorst.
- V. **APPROVAL OF MINUTES.**

Motion/Second: George/McIntire, to approve minutes for the following meetings:

- A. August 4, 2014 Regular Work Session
- B. August 5, 2014 Regular Business Meeting

Approved: All present voting "aye."

VI. **COMMUNITY INTEREST ITEMS.**

AA. **PUBLIC HEARINGS.** None.

A. **PUBLIC COMMENT.** Mayor Phillips invited citizens in attendance to speak about any of the remaining agenda items. There being no one coming forward to speak, the Mayor closed the public comment segment.

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B. BUSINESS MATTERS REQUIRING FIRST READING.

1. Consideration of an Ordinance Amending the Code of Ordinances Deleting the Reference to the Designated Alderman Pertaining to the Disposition of City Owned Real Property (AF: 231-2014) (Jeff Fleming).

Motion/Second: Segelhorst/Parham, to pass:

AN ORDINANCE TO AMEND THE CODE OF ORDINANCES, CITY OF KINGSPORT, SECTION 2-569 PERTAINING TO GENERAL PROCEDURE FOR DISPOSITION OF CITY-OWNED PROPERTY AND SECTION 2-570 PERTAINING TO PROCEDURE FOR DISPOSAL OF REAL PROPERTY BY, AMONG OTHER THINGS, DELETING THE REFERENCE TO THE DESIGNATED ALDERMAN IN THOSE SECTIONS; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

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

2. Consideration of an Ordinance Appropriating Funds Received from the Tennessee Arts Commission Arts Builds Communities Grant and Arts Project Support Grant and from the Tennessee Department of Agriculture (AF: 233-2014) (Judy Smith/Morris Baker).

Motion/Second: Parham/Segelhorst, to pass:

AN ORDINANCE TO AMEND THE GENERAL FUND BUDGETS BY APPROPRIATING GRANT FUNDS RECEIVED FROM THE TENNESSEE ARTS COMMISSION AND TENNESSEE DEPARTMENT OF AGRICULTURE FOR THE YEAR ENDING JUNE 30, 2015; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

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

3. Consideration of an Ordinance Authorizing Investments of Idle Funds and Adoption of an Investment Policy (AF: 198-2014) (Jim Demming).

Motion/Second: McIntire/Segelhorst, to pass:

AN ORDINANCE AUTHORIZING CERTAIN INVESTMENTS OF FUNDS PURSUANT TO TENNESSEE CODE ANNOTATED SECTION 6-56-106; ADOPTING AN INVESTMENT POLICY GOVERNING SUCH INVESTMENTS; AND FIXING 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 the Property Commonly Known as River Bend, Located off Fort Henry Drive in the 11th Civil District of Sullivan County (AF: 216-2014) (Ken Weems).

Motion/Second: McIntire/Parham, to pass:

ORDINANCE NO. 6426, AN ORDINANCE TO FURTHER AMEND THE ZONING CODE, TEXT AND MAP, TO ZONE PROPERTY ALONG FORT HENRY DRIVE TO

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of the City of Kingsport, Tennessee, Tuesday, August 19, 2014**

PD, PLANNED DEVELOPMENT AND B-4P, PLANNED BUSINESS DISTRICT IN THE 11TH 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: George, Hall, McIntire, Parham, Segelhorst and Phillips voting "aye."

2. Consideration of a Budget Ordinance Appropriating Available Funds to WA1503; and a Resolution Awarding the Bid for the Beech Creek Area Waterline Improvements Project to Thomas Construction Company, Inc. and Authorize the Mayor to Sign All Applicable Documents (AF: 212-2014) (Chad Austin).

Motion/Second: Segelhorst/George to pass:

ORDINANCE NO. 6427, AN ORDINANCE TO AMEND THE WATER PROJECT FUND BUDGETS BY TRANSFERRING FUNDS TO THE BEECH CREEK IMPROVEMENT PROJECT FOR THE YEAR ENDING JUNE 30, 2015; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on second reading in a roll call vote: George, Hall, McIntire, Parham, Segelhorst and Phillips voting "aye."

3. Consideration of a Budget Ordinance Appropriating Available Funds to SW1504 for Funding of Sewer Lift Station Bypass Pump Connections (AF: 220-2014) (Niki Ensor/Ryan McReynolds).

Motion/Second: Segelhorst/McIntire, to pass:

ORDINANCE NO. 6428, AN ORDINANCE TO AMEND THE SEWER PROJECT FUND BUDGETS BY TRANSFERRING FUNDS TO THE SEWER LIFT STATION BYPASS PUMP CONNECTIONS PROJECT FOR THE YEAR ENDING JUNE 30, 2015; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on second reading in a roll call vote: George, Hall, McIntire, Parham, Segelhorst and Phillips voting "aye."

4. Consideration of an Ordinance to Amend the FY14 Operating Budgets and Various Projects (AF: 203-2014) (Jeff Fleming).

Motion/Second: McIntire/Parham, to pass:

ORDINANCE NO. 6429, AN ORDINANCE TO AMEND THE GENERAL FUND AND GENERAL PROJECT FUND BUDGETS FOR THE YEAR ENDING JUNE 30, 2014; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on second reading in a roll call vote: George, Hall, McIntire, Parham, Segelhorst and Phillips voting "aye."

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D. OTHER BUSINESS.

1. Consideration of a Resolution Authorizing the Mayor to Execute an Annual Renewal of Public Library Maintenance of Effort Agreement with the Tennessee State Library and Archives for Services via the Holston River Regional Library (AF: 225-2014) (Morris Baker).

Motion/Second: Hall/George, to pass:

Resolution No. 2014-268, A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE THE ANNUAL RENEWAL OF THE PUBLIC LIBRARY MAINTENANCE OF EFFORT AGREEMENT WITH THE TENNESSEE STATE LIBRARY AND ARCHIVES TO RECEIVE FUNDING FOR BOOKS AND TRAINING AND FOR SERVICES THROUGH THE HOLSTON RIVER REGIONAL LIBRARY SYSTEM

Passed: All present voting "aye."

2. Consideration of a Resolution Approving a Revision to the Neighborhood Traffic Management Plan (AF: 232-2014) (Ryan McReynolds).

Motion/Second: George/Parham, to pass:

Resolution No. 2014-269, A RESOLUTION APPROVING AN AMENDMENT TO THE REVISED NEIGHBORHOOD TRAFFIC MANAGEMENT PLAN

Passed: All present voting "aye."

3. Consideration of a Resolution Authorizing the Mayor to Execute and Sign All Documents Necessary to Enter into an Agreement with the U.S. Department of Justice to Allow the Kingsport Police Department to Participate in the Federal Asset Forfeiture Program (AF: 229-2014) (Chief Quillin).

Motion/Second: Parham/Segelhorst, to pass:

Resolution No. 2014-270, A RESOLUTION APPROVING AN EQUITABLE SHARING AND CERTIFICATION AGREEMENT WITH THE UNITED STATES DEPARTMENT OF JUSTICE ALLOWING THE KINGSFORT POLICE DEPARTMENT TO PARTICIPATE IN THE FEDERAL ASSET FORFEITURE PROGRAM; AND AUTHORIZING THE MAYOR TO EXECUTE THE AGREEMENT AND ALL OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE AGREEMENT

Passed: All present voting "aye."

4. Consideration of a Resolution Authorizing the Mayor to Execute All Necessary and Proper Documents to Renew the Agreement with United Healthcare for Medicare Advantage Insurance (AF: 228-2014) (Terri Evans).

Motion/Second: George/Segelhorst, to pass:

Resolution No. 2014-271, A RESOLUTION RENEWING THE AGREEMENT WITH UNITED HEALTHCARE FOR MEDICARE REPLACEMENT INSURANCE AND

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of the City of Kingsport, Tennessee, Tuesday, August 19, 2014**

AUTHORIZING THE MAYOR TO EXECUTE AND SIGN ALL APPLICABLE DOCUMENTS

Passed: All present voting "aye."

5. Consideration of a Resolution Authorizing the Mayor to Execute All Necessary and Proper Documents with Delta Dental of Tennessee for Employee Dental Insurance (AF: 227-2014) (Terri Evans).

Motion/Second: Segelhorst/George, to pass:

Resolution No. 2014-272, A RESOLUTION RENEWING THE AGREEMENT WITH DELTA DENTAL OF TENNESSEE FOR EMPLOYEE DENTAL INSURANCE AND AUTHORIZING THE MAYOR TO EXECUTE AND SIGN ALL APPLICABLE DOCUMENTS

Passed: All present voting "aye."

6. Consideration of a Resolution Approving a Lease Agreement and License for Property Next to the Farmer's Market Complex with Engage Kingsport, Inc. to Construct a Carousel Roundhouse (AF: 168-2014) (Morris Baker).

Motion/Second: George/Hall, to pass:

Resolution No. 2014-273, A RESOLUTION APPROVING A LEASE AGREEMENT AND A LICENSE WITH ENGAGE KINGSFORT, INC., ALLOWING IT TO BEGIN CONSTRUCTION OF THE ROUNDHOUSE FOR THE CAROUSEL PROJECT, AND AUTHORIZING THE MAYOR TO EXECUTE SAME AND ALL OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE AGREEMENT OR LICENSE

Passed: All present voting "aye."

7. Consideration of a Resolution Approving an Offer, Approving Tennessee Department of Transportation's Agreement of Sale and Authorizing the Mayor to Execute All Documents (AF: 235-2014) (Ryan McReynolds).

Motion/Second: Parham/McIntire, to pass:

Resolution No. 2014-274, A RESOLUTION APPROVING AN OFFER FOR THE PURCHASE OF A TRACT OF REAL PROPERTY FOR THE GREENBELT PEDESTRIAN BRIDGE PROJECT; APPROVING TENNESSEE DEPARTMENT OF TRANSPORTATION'S PURCHASE AGREEMENT; AND AUTHORIZING THE MAYOR TO EXECUTE AN AGREEMENT AND ALL OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THIS RESOLUTION

Passed: All present voting "aye."

8. Consideration of a Resolution Approving an Agreement with Clinical Management Concepts, Inc. Updating the Agreement for Services for the Diabetes Management Program (AF: 195-2014) (Terri Evans).

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Motion/Second: Parham/Segelhorst, to pass:

Resolution No. 2014-275, A RESOLUTION APPROVING AN AGREEMENT FOR SERVICES WITH CLINICAL MANAGEMENT CONCEPTS, INC. FOR A DIABETES MANAGEMENT PROGRAM; AND AUTHORIZING THE MAYOR TO EXECUTE SAME AND ALL OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE AGREEMENT

Passed: All present voting "aye."

9. Consideration of an Agreement Authorizing the Kingsport City Schools to Execute an Agreement with the Kingsport Boys and Girls Club to Transport Children from Various Kingsport City Schools to the Kingsport Boys and Girls Club (AF: 230-2014) (Chris McCartt).

Motion/Second: George/Segelhorst, to pass:

Resolution No. 2014-276, A RESOLUTION APPROVING AN AGREEMENT WITH THE BOYS AND GIRLS CLUB OF GREATER KINGSPORT, INC. TO TRANSPORT CHILDREN FROM VARIOUS CITY SCHOOLS TO THE KINGSPORT BOYS AND GIRLS CLUB, AND AUTHORIZING THE SUPERINTENDENT OF SCHOOLS TO EXECUTE THE AGREEMENT AND ALL OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE AGREEMENT

Passed: All present voting "aye."

10. Consideration of a Resolution Approving an Offer, Approving Tennessee Department of Transportation's Agreement of Sale and Authorizing the Mayor to Execute All Documents (AF: 236-2014) (Ryan McReynolds).

Motion/Second: Segelhorst/Parham, to pass:

Resolution No. 2014-277, A RESOLUTION APPROVING AN OFFER FOR THE PURCHASE OF A TRACT OF REAL PROPERTY AND A TEMPORARY EASEMENT FOR CONSTRUCTION FOR THE SAFE ROUTES TO SCHOOL GRANT; APPROVING TENNESSEE DEPARTMENT OF TRANSPORTATION'S PURCHASE AGREEMENT; AND AUTHORIZING THE MAYOR TO EXECUTE AN AGREEMENT AND ALL OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THIS RESOLUTION

Passed: All present voting "aye."

E. APPOINTMENTS/REAPPOINTMENTS. None.

VII. CONSENT AGENDA. (These items are considered under one motion.)

Motion/Second: McIntire/Parham, to adopt:

1. Consideration of an Ordinance to Adopt the 2012 International Building and Related Codes, 2011 National Electric Code and the 2009 International Energy Conservation Code (AF: 209-2014) (Lynn Tully).

Minutes of the Regular Business Meeting of the Board of Mayor and Aldermen of the City of Kingsport, Tennessee, Tuesday, August 19, 2014

Adopt:

Ordinance No. 6430, AN ORDINANCE AMENDING THE CODE OF ORDINANCES, CITY OF KINGSPORT, AMENDING SECTION 22-96 PERTAINING TO THE BUILDING CODE; AMENDING SECTION 22-121 PERTAINING TO THE ELECTRICAL CODE; AMENDING SECTION 22-284 PERTAINING TO THE FUEL GAS CODE; AMENDING SECTION 22-391 PERTAINING TO THE MECHANICAL CODE; AMENDING SECTION 22-411 PERTAINING TO THE PLUMBING CODE; AMENDING SECTION 22-522 PERTAINING TO THE SWIMMING POOL CODE; AMENDING SECTION 42-46; REPEALING SECTION 42-48 PERTAINING TO THE FIRE CODE; AND FIXING THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on second reading in a roll call vote: George, Hall, McIntire, Parham, Segelhorst and Phillips voting "aye."

2. Consideration of Approval of Offers for Easements and Right-of-Ways for the West Sullivan Street Phase 2 Road Widening Project (AF: 226-2014) (Ryan McReynolds).

Approve:

OFFERS FOR EASEMENTS AND RIGHT-OF-WAYS FOR THE WEST SULLIVAN STREET PHASE 2 ROAD WIDENING PROJECT

Passed in a roll call vote: George, Hall, McIntire, Parham, Segelhorst and Phillips voting "aye."

VIII. COMMUNICATIONS.

A. CITY MANAGER. Mr. Fleming commented on the Bell Helicopter aviation factory in Piney Flats.

B. MAYOR AND BOARD MEMBERS. Alderman Hall commented on the Chamber breakfast Thursday. Alderman George thanked staff for their hard work and communication. She also stated Bristol race weekend was coming up, noting increased people and traffic in the area. Alderman Segelhorst congratulated the beautification award winners and spoke favorably of the CIP presentation at the work session yesterday. Mr. Segelhorst welcomed Cal Ripken, Jr. and other race visitors and thanked Bristol Motor Speedway for putting on this event. Alderman Parham commented on yesterday's session of regional leaders discussing the management and future of the regional health system. Vice-Mayor McIntire pointed out Judge Montgomery would be sworn in by the Governor this week at the Renaissance Center and encourage citizens to attend. Mayor Phillips stated the hospital is a very important part of the community, noting Kingsport has two. He further stated he hopes the local hospital can remain a local hospital.

C. VISITORS. Ms. Mary McNabb commented on yesterday's Wellmont meeting.

**Minutes of the Regular Business Meeting of the Board of Mayor and Aldermen
of the City of Kingsport, Tennessee, Tuesday, August 19, 2014**

IX. ADJOURN. Seeing no other business for consideration at this meeting, Mayor Phillips adjourned the meeting at 7:50 p.m.

ANGELA MARSHALL
Deputy City Recorder

DENNIS R. PHILLIPS
Mayor



AGENDA ACTION FORM

Conduct a Public Hearing for the Proposed Stormwater Annual Compliance Report and Approve a Resolution Authorizing the Mayor to Execute the Document

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager 

Action Form No.: AF-241-2014
Work Session: September 2, 2014
First Reading: N/A

Final Adoption: September 2, 2014
Staff Work By: Steve Robbins/Dan Wankel
Presentation By: Ryan McReynolds

Recommendation:

- Hold public hearing
- Approve the Resolution

Executive Summary:

Kingsport's stormwater permit requires that the municipal separate storm sewer system (MS4) submit an annual report to the Tennessee Department of Environment and Conservation (TDEC) by September 30 of each calendar year that covers the previous compliance year. A requirement states that prior to submitting the annual report to TDEC, the MS4 must present the annual report at a public hearing for suggestions and comment. The Notice of Public Hearing was published August 17, 2014.

Attachments:

1. Notice of Public Hearing
2. Resolution
3. Proposed Annual Report
4. Permit Requirements/Activities

	<u>Y</u>	<u>N</u>	<u>O</u>
Clark	—	—	—
George	—	—	—
Hall	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Phillips	—	—	—

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN to all citizens of the City of Kingsport, Tennessee, to all persons interested, and the public at large that the City of Kingsport Board of Mayor and Aldermen will conduct a Public Hearing during its business meeting on Tuesday, September 2, 2014, to consider an annual report from the City of Kingsport's Municipal Separate Storm Sewer System (MS4) Stormwater Management Program to the Tennessee Department of Environment and Conservation. The business meeting will begin at 7:00 p.m. in the large courtroom located on the second floor of City Hall, at 225 W. Center Street, Kingsport, Tennessee. If you would like additional information please contact the Kingsport Stormwater Division at 423-224-2727. This report may be found on the City's website at <http://publicworks.kingsporttn.gov/stormwater-management/public-involvement-and-parti>.

CITY OF KINGSPORT
Angie Marshall, City Clerk
P1T: 8/17/14

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A
STORMWATER ANNUAL COMPLIANCE REPORT AS
REQUIRED BY THE TENNESSEE DEPARTMENT OF
ENVIRONMENT AND CONSERVATION

WHEREAS, the storm water permit the city has from the Tennessee Department of Environment and Conservation requires that it submit on behalf of its municipal separate storm sewer system an annual report; and

WHEREAS, a public hearing to receive suggestions and comments must be held prior to the adoption of the annual report; and

WHEREAS, a notice of the public hearing was published on August 17, 2014 in the Kingsport Times-News, a newspaper of general circulation; and

WHEREAS, a public hearing was held by the board of mayor and alderman on the 2nd day of September, 2014.

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, the Stormwater Annual Compliance Report as required by the Tennessee Department of Environment and Conservation.

SECTION II. That the board finds that the actions authorized by this resolution are for a public purpose and will promote the health, comfort and prosperity of the citizens of the city.

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

ADOPTED this the 2nd day of September, 2014.

DENNIS R. PHILLIPS, MAYOR

ATTEST:

JAMES H. DEMMING, CITY RECORDER

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, CITY ATTORNEY



Tennessee Department of Environment and Conservation
Division of Water Resources
 William R. Snodgrass Tennessee Tower, 312 Rosa L. Parks Avenue, 11th Floor, Nashville, Tennessee 37243
 1-888-891-8332 (TDEC)

Municipal Separate Storm Sewer System (MS4) Annual Report

1. MS4 INFORMATION

City of Kingsport TNS075388

 Name of MS4 MS4 Permit Number

 Stephen Robbins, P.E. steverobbins@kingsporttn.gov

 Name of Contact Person Email Address

(423) 245-2167

 Telephone (including area code)

225 W. Center St.

 Mailing Address

Kingsport TN 37660

 City State ZIP code

What is the current population of your MS4? 51,274

What is the reporting period for this annual report? From 7/1/13 to 6/30/14

2. WATER QUALITY PRIORITIES (SECTION 3.1)

- A. Does your MS4 discharge into waters listed as impaired on TN's most current 303(d) list and/or according to the on-line GIS mapping tool? Yes No
- B. If yes, please attach a list all impaired waters within your jurisdictional area.
- C. Does your MS4's jurisdictional area contain any waterbodies where a TMDL has been approved for parameters other than pathogens, siltation and habitat alterations? If yes, please attach a list. Yes No
- D. Does your MS4 discharge to any Exceptional TN Waters (ETWs) or Outstanding National Resource Waters (ONRWs)? If yes, please attach a list. Yes No
- E. Are you implementing additional specific provisions to ensure the continued integrity of ETWs or ONRWS located within your jurisdiction? Yes No

3. PROTECTION OF STATE OR FEDERALLY LISTED SPECIES (SECTION 3.2.1 General Permit for Phase II MS4s)

- A. Are there any state or federally listed species within the MS4's jurisdiction? Yes No
- B. Are any of the MS4 discharges or discharge-related activities likely to jeopardize any state or federally listed species? Yes No
- C. Please attach any authorizations or determinations by U.S. Fish & Wildlife Service on the effect of the MS4 discharges on state or federally listed species.

4. PUBLIC EDUCATION AND PUBLIC PARTICIPATION (SECTION 4.2.1 AND 4.2.2)

- A. Have you developed a Public Information and Education plan (PIE)? Yes No
- B. Is your public education program targeting specific pollutants and sources of those pollutants, such as Hot Spots? Yes No

Municipal Separate Storm Sewer System (MS4) Annual Report

- C. If yes, what are the specific causes, sources and/or pollutants addressed by your public education program? MS4 and construction site runoff; illicit discharges targeting septage, sediment, oil and grease; professional chemical applicators of pesticides, herbicides and fertilizer; automotive-related fluids and illegal dumping.
- D. Note specific successful outcome(s) (NOT tasks, events, publications) fully or partially attributable to your public education program during this reporting period. Continued downward trend in amount of debris collected during stream cleanups. Continued increase in inquiries from website, hotline, handouts and public signage.
- E. Do you have an advisory committee or other body comprised of the public and other stakeholders that provides regular input on your stormwater program? Yes No
- F. How do you facilitate, advertise, and publicize public involvement and participation opportunities? Public hearing notices, award presentations, workshops, and school activities are published in the newspaper and/or online. Household Hazardous Waste Roundup flyers are distributed to targeted sites.
- G. Do you have a webpage dedicated to your stormwater program? Yes No
If so, what is the link/URL: http://publicworks.kingsporttn.gov/engineering/stormwater-management
- H. Are you tracking and maintaining records of public education, outreach, involvement and participation activities? Please attach a summary of these activities. Yes No

5. ILLICIT DISCHARGE DETECTION AND ELIMINATION (SECTION 4.2.3)

- A. Have you completed a map of all outfalls and receiving waters of your storm sewer system? Yes No
- B. Have you completed a map of all storm drain pipes of storm sewer system? Yes No
- C. How many outfalls have you identified in your system? 915
- D. Have any of these outfalls been screened for dry weather discharges? Yes No
- F. What is your frequency for screening outfalls for illicit discharges? Once per permit cycle
- G. Do you have an ordinance that effectively prohibits illicit discharges? Yes No
- H. During this reporting period, how many illicit discharges/illegal connections have you discovered (or been reported to you)? 11
- I. Of those illicit discharges/illegal connections that have been discovered or reported, how many have been eliminated? 9

6. CONSTRUCTION SITE STORMWATER RUNOFF (SECTION 4.2.4)

- A. Do you have an ordinance or adopted policies stipulating:
- Erosion and sediment control requirements? Yes No
- Other construction waste control requirements? Yes No
- Requirement to submit construction plans for review? Yes No
- MS4 enforcement authority? Yes No
- B. How many active construction sites disturbing at least one acre were there in your jurisdiction this reporting period? 48
- C. How many of these active sites did you inspect this reporting period? 45
- D. On average, how many times each, or with what frequency, were these sites inspected (e.g., weekly, monthly, etc.)? Monthly

Municipal Separate Storm Sewer System (MS4) Annual Report

- E. Do you prioritize certain construction sites for more frequent inspections? Yes No
 If Yes, based on what criteria? Discharge to impaired streams, environmentally sensitive areas and hot spots.

7. PERMANENT STORMWATER CONTROLS (SECTION 4.2.5)

- A. Do you have an ordinance or other mechanism to require:
 Site plan reviews of all new and re-development projects? Yes No
 Maintenance of stormwater management controls? Yes No
 Retrofitting of existing BMPs with green infrastructure BMPs? Yes No
- B. What is the threshold for new/redevelopment stormwater plan review? (e.g., all projects, projects disturbing greater than one acre, etc.) All projects
- C. Have you implemented and enforced performance standards for permanent stormwater controls? Yes No
- D. Do these performance standards go beyond the requirements found in Section 4.2.5.2 and require that pre-development hydrology be met for:
 Flow volumes Yes No
 Peak discharge rates Yes No
 Discharge frequency Yes No
 Flow duration Yes No
- E. Please provide the URL/reference where all permanent stormwater management standards can be found.
<http://publicworks.kingsporttn.gov/files/publicworks/Stormwater-Management-Manual.pdf>
- F. How many development and redevelopment project plans were reviewed for this reporting period? 16
- G. How many development and redevelopment project plans were approved? 15
- H. How many permanent stormwater management practices/facilities were inspected? 145
- I. How many were found to have inadequate maintenance? 11
- J. Of those, how many were notified and remedied within 30 days? (If window is different than 30 days, please specify) Six. The remainder are on compliance schedules or will be maintained by the MS4
- K. How many enforcement actions were taken that address inadequate maintenance? 4
- L. Do you use an electronic tool (e.g., GIS, database, spreadsheet) to track post-construction BMPs, inspections and maintenance? Yes No
- M. Do all municipal departments and/or staff (as relevant) have access to this tracking system? Yes No
- N. Has the MS4 developed a program to allow for incentive standards for redeveloped sites? Yes No
- O. How many maintenance agreements has the MS4 approved during the reporting period? 7

8. CODES AND ORDINANCES REVIEW AND UPDATE (SECTION 4.2.5.3)

- A. Is a completed copy of the EPA Water Quality Scorecard submitted with this report? Yes No

Municipal Separate Storm Sewer System (MS4) Annual Report

- B. Include status of implementation of code, ordinance and/or policy revisions associated with permanent stormwater management. Scorecard completed 5/19/12, establishing initial baseline. Review and updates will be incorporated into revised ordinance(s) and/or policy(s)

9. STORMWATER MANAGEMENT FOR MUNICIPAL OPERATIONS (SECTION 4.2.6)

- A. Have stormwater pollution prevention plans (or an equivalent plan) been developed for:
- | | | |
|---|---|-----------------------------|
| All parks, ball fields and other recreational facilities | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| All municipal turf grass/landscape management activities | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| All municipal vehicle fueling, operation and maintenance activities | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| All municipal maintenance yards | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| All municipal waste handling and disposal areas | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
- B. Are stormwater inspections conducted at these facilities? Yes No
1. If Yes, at what frequency are inspections conducted? Quarterly
- C. Have standard operating procedures or BMPs been developed for all MS4 field activities? (e.g., road repairs, catch basin cleaning, landscape management, etc.) Yes No
- D. Do you have a prioritization system for storm sewer system and permanent BMP inspections? Yes No
- E. On average, how frequently are catch basins and other inline treatment systems inspected? Twice per year
- F. On average, how frequently are catch basins and other inline treatment systems cleaned out/maintained? 2/year
- G. Do municipal employees in all relevant positions and departments receive comprehensive training on stormwater management? Yes No
- H. If yes, do you also provide regular updates and refreshers? Yes No
- If so, how frequently and/or under what circumstances? No less than annually

10. STORMWATER MANAGEMENT PROGRAM UPDATE (SECTION 4.4)

- A. Describe any changes to the MS4 program during the reporting period including but not limited to:
- Changes adding (but not subtracting or replacing) components, controls or other requirements (Section 4.4.2.a).

- Changes to replace an ineffective or unfeasible BMP (Section 4.4.2.b). _____
- Information (e.g. additional acreage, outfalls, BMPs) on program area expansion based on annexation or newly urbanized areas. Annexed 163.38 acres, including 7 outfalls and 3 BMPs.
- Changes to the program as required by the division (Section 4.4.3). None

11. EVALUATING/MEASURING PROGRESS

- A. What indicators do you use to evaluate the overall effectiveness of your Stormwater Management Program, how long have you been tracking them, and at what frequency? Note that these are not measurable goals for individual BMPs or tasks, but large-scale or long-term metrics for the overall program, such as in-stream macroinvertebrate community indices, measures of effective impervious cover in the watershed, indicators of in-stream hydrologic stability, etc.

Indicator	Began Tracking (year)	Frequency	Number of Locations
<i>Example: E. coli</i>	<i>2003</i>	<i>Weekly April–September</i>	<i>20</i>

Municipal Separate Storm Sewer System (MS4) Annual Report

E. coli	2011	Once every five years	5
SQSH/VSA	2011	Once every five years	11

B. Provide a summary of data (e.g., water quality information, performance data, modeling) collected in order to evaluate the performance of permanent stormwater controls installed throughout the system. This evaluation may include a comparison of current and past permanent stormwater control practices. Available upon request

12. ENFORCEMENT (SECTION 4.5)

A. Identify which of the following types of enforcement actions you used during the reporting period, indicate the number of actions, the minimum measure (e.g., construction, illicit discharge, permanent stormwater control) or note those for which you do not have authority:

Action	Construction	Permanent Stormwater Controls	Illicit Discharge	Authority?	
Notice of violation	# <u>23</u>	# <u>4</u>	# <u>1</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Administrative fines	# <u>4</u>	#_____	#_____	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Stop Work Orders	#_____	#_____	#_____	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Civil penalties	# <u>4</u>	#_____	#_____	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Criminal actions	#_____	#_____	#_____	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Administrative orders	# <u>4</u>	#_____	#_____	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Other _____	#_____	#_____	#_____		

B. Do you use an electronic tool (e.g., GIS, data base, spreadsheet) to track the locations, inspection results, and enforcement actions in your jurisdiction? Yes No

C. What are the 3 most common types of violations documented during this reporting period? Owner inspections, recordkeeping and SWPPP implementation.

13. PROGRAM RESOURCES (OPTIONAL)

A. What was your annual expenditure to implement the requirements of your MS4 NPDES permit and SWMP this past reporting period? \$2,082,739

B. What is next year's budget for implementing the requirements of your MS4 NPDES permit and SWMP? 2,124,250

C. Do you have an independent financing mechanism for your stormwater program? Yes No

D. If so, what is it/are they (e.g., stormwater fees), and what is the annual revenue derived from this mechanism?

Source: Utility user fee Amount \$1,957,500

Source: Amount \$

E. How many full time employees does your municipality devote to the stormwater program (specifically for implementing the stormwater program vs. municipal employees with other primary responsibilities that dovetail with stormwater issues)? 12

Municipal Separate Storm Sewer System (MS4) Annual Report

F. Do you share program implementation responsibilities with any other entities? Yes No

Entity	Activity/Task/Responsibility	Your Oversight/Accountability Mechanism

G. Please attach a copy of your Organizational Chart

14. CERTIFICATION

This report must be signed by a ranking elected official or by a duly authorized representative of that person. See signatory requirements in sub-part 6.7.2 of the permit.

"I certify under penalty of law that this document and all attachments were prepared by me, or under my direction or supervision. The submitted information is to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment. As specified in Tennessee Code Annotated Section 39-16-702(a)(4), this declaration is made under penalty of perjury."

Printed Name and Title	Signature	Date
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Annual reports must be submitted in accordance with the requirements of Section 5.4. (Reporting) of the permit. Annual reports must be submitted to the appropriate Environmental Field Office (EFO) by September 30 of each calendar year, as shown in the table below:

EFO	Street Address	City	Zip Code	Telephone
Chattanooga	540 McCallie Avenue STE 550	Chattanooga	37402	(423) 634-5745
Columbia	1421 Hampshire Pike	Columbia	38401	(931) 380-3371
Cookeville	1221 South Willow Ave.	Cookeville	38506	(931) 432-4015
Jackson	1625 Hollywood Drive	Jackson	38305	(731) 512-1300
Johnson City	2305 Silverdale Road	Johnson City	37601	(423) 854-5400
Knoxville	3711 Middlebrook Pike	Knoxville	37921	(865) 594-6035
Memphis	8383 Wolf Lake Drive	Bartlett	38133	(901) 371-3000
Nashville	711 R S Gass Boulevard	Nashville	37216	(615) 687-7000

STORMWATER PERMIT REQUIREMENTS/ACTIVITIES

I. Public Education and Outreach/Public Involvement and Participation

- Workshops targeted toward the development and design community
- Distribute educational materials to school system, commercial, industrial, institutional, and general public with a focus on hot spots (entities most likely to produce stormwater pollutants)
- Maintain an active website (contact information, projects, recognition, downloads, links, program involvement opportunities, complaints)
- Participate in TAB (Tennessee Association of Broadcasters) program
- Hold annual stream clean up event
- Participate in annual TDEC environmental conference
- Member of TNSA (Tennessee Stormwater Association)
- Provide methods for public input (hotline, webpage)
- Installed signage for public viewing (Memorial Park, Greenbelt)
- Multi-media program including local newspaper, website, public access television, public meeting agendas (tickler)
- Develop a Public Information and Education Plan (PIE)
- Presentations to local civic clubs, homebuilders association, churches, HOAs, etc.
- Track and maintain records of activities

II. Illicit Discharge Detection and Elimination

- Program Measures (policy, procedures, complaint tracking, enforcement)
- Municipal Training (provided annually to targeted staff)
- Inform businesses and general public of hazards associated with illicit discharges and improper disposal of waste with an emphasis on hot spots
- Cross Connection Elimination (plan review, field investigation)
- Develop and maintain storm sewer system map
- Foster interagency coordination of hazardous waste or material spills response and cleanup
- Document and maintain records

III. Construction Site Stormwater Runoff Control

- Education (Require State/TNSA sponsored Level I/II EPSC training)
- Plan Development and Review (City assists with conceptual, intermediate and final plan development; checklist for SWPPP content, pre-construction meetings required for all permitted activities)
- Complaint Receipt and Tracking (Implement procedures for documentation and resolution of complaints)
- Inspection and Enforcement (City/developer inspections comply with frequency requirements, enforcement dictated by local ordinance and enforcement response plan)

- Require special conditions for discharges to impaired waters
- Develop and maintain inventory of all active sites

IV. Permanent Stormwater Management in New Development and Redevelopment

- Education (Targeted MS4 staff and design professionals meet training requirements specified in ordinance/TDEC construction permit)
- Plan Development and Review (MS4 staff provides assistance to development team prior to and during design phase, review all new development, redevelopment and retrofit plans for compliance with permanent stormwater management requirements)
- Implement and enforce performance standards comprised of runoff reduction and pollutant removal
- Approval Process (require performance bond and design professional's surety)
- Maintenance and Enforcement (require BMP maintenance in perpetuity through covenants, document MS4 and site operator inspections, enforce terms of ordinance and response plan)
- Review local codes and ordinances for opportunities to improve protection of water quality
- Implement system to track management measures and performance

V. Pollution Prevention/Good Housekeeping for Municipal Operations

- Education (EPSC, IDDE, pollution prevention and good housekeeping training conducted annually to targeted municipal staff at Fleet Maintenance, WWTP, Streets/Sanitation, Water/Sewer Maintenance and Traffic)
- Street Sweeping (MS4 to continue maintaining major roadways monthly and City streets quarterly and document)
- Litter Management (Continue program targeted toward litter hotspots and document)
- BMP Maintenance (Maintain BMPs associated with municipal operations and developments, comply with site-specific stormwater pollution prevention plans)



AGENDA ACTION FORM

Consideration of a Budget Ordinance to Appropriate \$6761.24 from the Department of Justice / Bureau of Justice Assistance, Justice Assistance Bulletproof Vest Partnership Funding

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager 

Action Form No.: AF-240-2014
Work Session: September 2, 2104
First Reading: September 2, 2014

Final Adoption: September 23, 2014
Staff Work By: Captain Castle
Presentation By: Chief Quillin

Recommendation:

Approve the budget ordinance.

Executive Summary:

On May 19, 2014 via Action Form 113, the Board of Mayor and Alderman approved a resolution authorizing the Mayor to sign all documents necessary to apply for and receive a DOJ/ OJP/ BJA Bulletproof Vest Partnership grant. This grant program provides reimbursement to law enforcement agencies at up to 50% of vest expenditures. This grant has been approved for \$6761.24. This action form and ordinance are to appropriate the funds.

There are no matching fund requirements.

Attachments:

- 1. Budget Ordinance

Funding source appropriate and funds are available: 

	Y	N	O
Clark	—	—	—
George	—	—	—
Hall	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Phillips	—	—	—

PRE-FILED CITY RECORDER

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE GENERAL PROJECT-SPECIAL REVENUE FUND BUDGET BY APPROPRIATING GRANT FUNDS RECEIVED FROM THE DEPARTMENT OF JUSTICE FOR THE YEAR ENDING JUNE 30, 2015; 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 budget be amended by appropriating grant funds received from the Department of Justice/Bureau of Justice Assistance Bulletproof Vest Partnership to the Bullet Proof Vest project (NC1501) in the amount of \$6,761 and requires a 50% local match of \$6,761 which is provided for in the operating budget.

<u>Account Number/Description:</u>	<u>Budget</u>	<u>Incr/<Decr></u>	<u>New Budget</u>
<u>Fund 111: General Project-Special Revenue</u>			
<u>Bullet Proof Vest Project (NC1501)</u>			
<u>Revenues:</u>			
	\$	\$	\$
111-0000-331-3800 U.S. Dept. of Justice	0	6,761	6,761
111-0000-391-0100 From General Fund	0	6,761	6,761
Totals:	0	13,522	13,522
 <u>Expenditures:</u>			
111-3020-442-3020 Operating Supplies & Tools	0	13,522	13,522
Totals:	0	13,522	13,522
 <u>Fund 110: General Fund</u>			
<u>Expenditures:</u>			
110-3030-443-3025 Safety Supplies	10,000	(6,761)	3,239
110-4804-481-7035 General Proj-Spec Rev	850,000	6,761	856,761
Totals:	860,000	0	860,000

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:

JAMES H. DEMMING
City Recorder

DENNIS R. PHILLIPS, Mayor

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, City Attorney

PASSED ON 1ST READING: _____

PASSED ON 2ND READING: _____



AGENDA ACTION FORM

Consideration of an Ordinance to Amend the 2014/15 Project Budget Appropriating TIF Monies Collected in Previous Years

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-247-2014
Work Session: September 2, 2014
First Reading: September 2, 2014

Final Adoption: September 23, 2014
Staff Work By: Lynn Tully, AICP
Presentation By: Lynn Tully, AICP

Recommendation:

Approve the ordinance.

Executive Summary:

In 2012 the Tennessee Legislature approved a change to Public Chapter 605 regarding the disbursement of TIF funds. It now allows for TIF funds to be moved into project funds if not expended by the Authority within a certain period of time. The city has two area-wide tax increment funded redevelopment plans. The Downtown Redevelopment area encompasses all 44 blocks of downtown and some portions of the radial streets and Riverview. The Riverwalk Redevelopment area includes most of the properties along Netherland Inn Road and the new connection to the downtown greenbelt. Both the Downtown and Riverwalk TIF funds have been accumulating for a few years and in order to continue to sustain the funding for its original purpose it is prudent that we create a Downtown Improvements Project and a Riverwalk Improvements Project. Both projects will sustain existing programs such as the Façade Improvement Grant and Redevelopment Grant as well as other programs intended for the Downtown and Riverwalk. A budget amendment is proposed to move \$339,076.42 from the Downtown TIF (Account #110-0000-202-7423) to the Downtown Improvement Project, and also \$30,771.00 from the Riverwalk TIF (Account #110-0000-202-7424) to the Riverwalk Improvement Project.

Attachments:

- 1. Ordinance to amend Budget

Funding source appropriate and funds are available: [Signature]

Table with 3 columns: Y, N, O and 7 rows of names: Clark, George, Hall, McIntire, Parham, Segelhorst, Phillips.

PRE-FILED CITY RECORDER

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE GENERAL FUND BUDGET BY TRANSFERRING FUNDS TO THE DOWNTOWN IMPROVEMENT PROJECT AND THE RIVERWALK IMPROVEMENT PROJECT FOR THE YEAR ENDING JUNE 30, 2015; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

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

SECTION I. That the General Fund budget be amended by transferring funds in the amount of \$339,076 to the Downtown Improvement Project (GP1502) and by transferring funds to the Riverwalk Improvement Project (GP1503) in the amount of \$30,771.

<u>Account Number/Description:</u>	<u>Budget</u>	<u>Incr/<Decr></u>	<u>New Budget</u>
Fund 110: General Fund			
Expenditures:			
110-4804-481-7423 Downtown TIF	130,000	(339,076)	(209,076)
110-4804-481-7424 Riverwalk TIF	25,000	(30,771)	(5,771)
110-4804-481-7036 General Project Fund	2,800,000	369,847	3,169,847
Totals:	2,955,000	0	2,955,000
Fund 311: General Project Fund			
Downtown Improvements (GP1502)			
Revenues:			
311-0000-391-0100 From General Fund	0	339,076	339,076
Totals:	0	339,076	339,076
Expenditures:			
311-0000-601-9003 Improvements	0	339,076	339,076
Totals:	0	339,076	339,076
Fund 311: General Project Fund			
Riverwalk Improvements (GP1503)			
Revenues:			
311-0000-391-0100 From General Fund	0	30,771	30,771
Totals:	0	30,771	30,771
Expenditures:			
311-0000-601-9003 Improvements	0	30,771	30,771
Totals:	0	30,771	30,771

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:

ANGELA L. MARSHALL
Deputy 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 FY15 Operating Budgets and Various Projects

To: Board of Mayor and Aldermen
 From: Jeff Fleming, City Manager

Action Form No.: AF-242-2014
 Work Session: September 2, 2014
 First Reading: September 2, 2014
 Final Adoption: September 23, 2014
 Staff Work By: Judy Smith
 Presentation By: Jeff Fleming

Recommendation:

Approve the ordinance.

Executive Summary:

This ordinance is a cleanup ordinance for the various operating budgets and projects. The General Project Fund will be amended by transferring funds from the Housing Incentive project for the 911 radio tower in the amount of \$225,000, to the ILS System project for the Library in the amount of \$25,000 and to the J. Fred Johnson Stadium in the amount of \$32,300. The State Street Aid Fund will be amended by transferring \$150,000 for snow removal.

The Storm Water Fund will be amended by transferring funds from different Storm Water projects to the Eden's Ridge Drainage project in the amount of \$5,034, to the Colonial Heights Phase I project in the amount of \$57,100 and to the Asset/Inventory-GIS project in the amount of \$22,740. This will allow us to close out some of the older storm water projects (ST1307, ST1308, ST1309, and ST1400).

Attachments:

- 1. Ordinance

Funding source appropriate and funds are available: _____

	Y	N	O
Clark	—	—	—
George	—	—	—
Hall	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Phillips	—	—	—

ORDINANCE NO. _____

AN ORDINANCE TO AMEND VARIOUS OPERATING BUDGETS AND PROJECTS FOR THE YEAR ENDING JUNE 30, 2015; 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 transferring \$225,000 from the ST Professional Housing Incentive project (GP1412) to the Radio Tower project (GP1504), by transferring \$25,000 to the ILS System project (GP1505) for the Library and by transferring \$32,300 to the J. Fred Johnson Stadium project (GP1301); that the General Fund budget be amended by appropriating funds received from the Lynn Garden Optimist Club in the amount of \$536 to reimburse the Parks and Recreation department for background checks and that the General Project Special Revenue Fund budget be amended by transferring \$150,000 from the Street Resurfacing project (NC1500) to the State Street Aid Fund for snow removal.

Section II. That the Storm Water project Fund be amended by transferring funds to the Eden's Ridge Drainage project (ST1305) in the amount of \$5,034, by transferring \$57,100 to the Colonial Heights Phase I (ST1502) and by transferring funds in the amount of \$22,740 to the Asset/Inventory-GIS project (ST1306) from the Rock Springs Rd/Churchview project (ST1307) in the amount of \$2,600, from the Lochwood/Kingsbay EF13-02 (ST1308) in the amount of \$14,445, from the Coventry Wynde EF13-04 (ST1309) in the amount of \$11,029 and from the VAC Truck project (ST1400) in the amount of \$56,800.

<u>Account Number/Description:</u>	<u>Budget</u>	<u>Incr/<Decr></u>	<u>New Budget</u>
Fund 110: General Project Fund			
<u>Revenues:</u>	\$	\$	\$
110-0000-341-1062 Athletic Programs	65,000	536	65,536
Totals:	65,000	536	65,536
<u>Expenditures:</u>	\$	\$	\$
110-4504-471-2099 Miscellaneous	1,900	536	2,436
110-4804-481-7035 To Gen Proj Spec Rev	850,000	(150,000)	700,000
110-4804-481-7023 To State Street Aid	959,600	150,000	1,109,600
Totals:	1,811,500	536	1,812,036
Fund 121: State Street Aid Fund			
<u>Revenues:</u>	\$	\$	\$
121-0000-391-0100 From General Fund	959,600	150,000	1,109,600
Totals:	959,600	150,000	1,109,600
<u>Expenditures:</u>	\$	\$	\$
121-4024-461-3038 Snow Removal	200,000	150,000	350,000

Totals:

200,000 150,000 350,000

Fund 111: General Project Special Rev. Fund
Street Resurfacing (NC1500)

Revenues:

111-0000-391-0100 From General Fund

\$	\$	\$
750,000	(150,000)	600,000
750,000	(150,000)	600,000

Totals:

Expenditures:

111-0000-601-2022 Construction Contracts

\$	\$	\$
750,000	(150,000)	1,200,000
750,000	(150,000)	1,200,000

Totals:

Fund 457: Storm Water Project Fund
Rock Springs Rd/Churchview (ST1307)

Revenues:

457-0000-391-9500 From Storm Water Fund

\$	\$	\$
47,600	(2,600)	45,000
47,600	(2,600)	45,000

Totals:

Expenditures:

457-0000-622-2022 Construction Contracts

457-0000-622-2023 Arch/Eng/Landscaping

\$	\$	\$
45,000	0	45,000
2,600	(2,600)	0
47,600	(2,600)	45,000

Totals:

Fund 457: Storm Water Project Fund
Eden's Ridge Drainage (ST1305)

Revenues:

457-0000-391-9500 From Storm Water Fund

\$	\$	\$
50,000	5,034	55,034
50,000	5,034	55,034

Totals:

Expenditures:

457-0000-622-2022 Construction Contracts

\$	\$	\$
50,000	5,034	55,034
50,000	5,034	55,034

Totals:

Fund 457: Storm Water Project Fund
Lochwood/Kingsbay EF13-02 (ST1308)

Revenues:

457-0000-391-9500 From Storm Water Fund

\$	\$	\$
155,556	(14,445)	141,111
155,556	(14,445)	141,111

Totals:

Expenditures:

457-0000-622-2022 Construction Contracts

457-0000-622-2023 Arch/Eng/Landscaping

\$	\$	\$
132,156	(8,500)	123,656
23,400	(5,945)	17,455
155,556	(14,445)	141,111

Totals:

**Fund 457: Storm Water Project Fund
Coventry Wynde EF13-04 (ST1309)**

Revenues:	\$	\$	\$
457-0000-391-9500 From Storm Water Fund	206,524	(11,029)	195,495
Totals:	206,524	(11,029)	195,495

Expenditures:			
457-0000-622-2022 Construction Contracts	179,074	(9,991)	169,083
457-0000-622-2023 Arch/Eng/Landscaping	22,600	1,050	23,650
457-0000-622-9001 Land	4,850	(2,088)	2,762
Totals:	206,524	(11,029)	195,495

**Fund 457: Storm Water Project Fund
VAC Truck (ST1400)**

Revenues:	\$	\$	\$
457-0000-391-9500 From Storm Water Fund	56,800	(56,800)	0
Totals:	56,800	(56,800)	0

Expenditures:	\$	\$	\$
457-0000-622-9006 Purchases Over \$5,000	56,800	(56,800)	0
Totals:	56,800	(56,800)	0

**Fund 457: Storm Water Project Fund
Colonial Heights Phase I (ST1502)**

Revenues:	\$	\$	\$
457-0000-391-9500 From Storm Water Fund	0	57,100	57,100
Totals:	0	57,100	57,100

Expenditures:	\$	\$	\$
457-0000-622-2022 Construction Contracts	0	57,100	57,100
Totals:	0	57,100	57,100

**Fund 457: Storm Water Project Fund
Asset/Inventory-GIS (ST1306)**

Revenues:	\$	\$	\$
457-0000-391-9500 From Storm Water Fund	50,000	22,740	72,740
Totals:	50,000	22,740	72,740

Expenditures:	\$	\$	\$
457-0000-622-1010 Salaries & Wages	22,960	17,760	40,720

457-0000-622-1020 Social Security	6,200	1,800	8,000
457-0000-622-1060 Workmen's Comp	800	0	800
457-0000-622-1061 Unemployment Ins.	40	80	120
457-0000-622-2042 Personal Vehicle Reimb.	600	0	600
457-0000-622-3020 Operating Supplies & Tools	9,400	0	9,400
457-0000-622-9006 Purchases Over \$5,000	10,000	3,100	13,100
Totals:	50,000	22,740	72,740

Fund 311: General Project Fund
ST Prof Housing Incentive (GP1412)

Revenues:	\$	\$	\$
311-0000-391-0100 From General Fund	482,300	(282,300)	200,000
Totals:	482,300	(282,300)	200,000

Expenditures:	\$	\$	\$
311-0000-601-9003 Improvements	482,300	(282,300)	200,000
Totals:	482,300	(282,300)	200,000

Fund 311: General Project Fund
Radio Tower (GP1504)

Revenues:	\$	\$	\$
311-0000-391-0100 From General Fund	0	225,000	225,000
Totals:	0	225,000	225,000

Expenditures:	\$	\$	\$
311-0000-601-9003 Improvements	0	225,000	225,000
Totals:	0	225,000	225,000

Fund 311: General Project Fund
ILS System (GP1505)

Revenues:	\$	\$	\$
311-0000-391-0100 From General Fund	0	25,000	25,000
Totals:	0	25,000	25,000

Expenditures:	\$	\$	\$
311-0000-601-9006 Purchases Over \$5,000	0	25,000	25,000
Totals:	0	25,000	25,000

Fund 311: General Project Fund
Johnson Stadium Improvements (GP1301)

Revenues:	\$	\$	\$
311-0000-368-1035 Series 2009A GO Pub Imp	130,000	0	130,000
311-0000-368-1037 Series 2009D (BABS) GO	200,000	0	200,000
311-0000-368-1046 Series 2013B GO Pub Imp	4,650,000	(230,885)	4,419,115
311-0000-368-2101 Premium From Bond Sale	0	285,576	285,576
311-0000-391-0100 From General Fund	117,700	32,300	150,000
Totals:	5,097,700	86,991	5,184,691

Expenditures:	\$	\$	\$
311-0000-601-2022 Construction Contracts	80,000	0	80,000
311-0000-601-2023 Arch/Eng/Landscaping	309,150	10,826	319,976
311-0000-601-4041 Bond Sale Expense	0	54,691	54,691
311-0000-601-9003 Improvements	4,708,550	21,474	4,730,024
Totals:	5,097,700	86,991	5,184,691

SECTION III. 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:
 PASSED ON 2ND READING:



AGENDA ACTION FORM

Consideration of an Ordinance Authorizing Investments of Idle Funds and Adoption of an Investment Policy

To: Board of Mayor and Aldermen
 From: Jeff Fleming, City Manager 

Action Form No.: AF-198-2014
 Work Session: August 18, 2014
 First Reading: August 19, 2014

Final Adoption: **September 2, 2014**
 Staff Work By: Jim Demming
 Presentation By: Jim Demming

Recommendation:

Approve the ordinance adopting an investment policy and authorizing certain investments.

Executive Summary:

Attached, for consideration, is a proposed ordinance that updates the City's investment policies included within the City's financial management policies. TCA 6-56-106, the statute that governs municipal investments, has been amended several times since the City established the previous policy in FY2002. The ordinance incorporates the amendments as they relate to the City's practices and include certain provisions as recommended by the GFOA. Areas concerning maximum maturities, controls, safekeeping and collateralization have been included.

Additional investment instruments, which are permitted under TCA 6-56-10 and required to be authorized by the BMA by ordinance, have also been included. These included prime commercial paper and instruments of certain federal government sponsored enterprises (GSEs).

If additional information is needed, please advise.

Attachments:

- 1. Ordinance

	<u>Y</u>	<u>N</u>	<u>O</u>
Clark	—	—	—
George	—	—	—
Hall	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Phillips	—	—	—

PRE-FILED CITY RECORDER

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING CERTAIN INVESTMENTS OF FUNDS PURSUANT TO TENNESSEE CODE ANNOTATED SECTION 6-56-106; ADOPTING AN INVESTMENT POLICY GOVERNING SUCH INVESTMENTS; AND FIXING THE EFFECTIVE DATE OF THIS ORDINANCE

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

SECTION I. That pursuant to T.C.A. section 6-56-106 the board approves and authorizes the city treasurer to invest idle funds of the city in the following:

- (1) Bonds, notes or treasury bills of the United States;
- (2) Nonconvertible debt securities of the following federal government sponsored enterprises that are chartered by the United States Congress; provided, that such securities are rated in the highest category by at least two (2) nationally recognized rating services:
 - (A) The federal home loan bank;
 - (B) The federal national mortgage association;
 - (C) The federal farm credit bank; and
 - (D) The federal home loan mortgage corporation;
- (3) Any other obligations not listed in subdivisions (a)(1) and (2) that are guaranteed as to principal and interest by the United States or any of its agencies;
- (4) Certificates of deposit and other evidences of deposit at state and federally chartered banks, and savings and loan associations. Notwithstanding any other public or private act to the contrary, all investments made pursuant to this subdivision (a)(4) shall be secured by collateral in the same manner and under the same conditions as state deposits under title 9, chapter 4, parts 1 and 4, or as provided in a collateral pool created under title 9, chapter 4, part 5;
- (5) The local government investment pool created by title 9, chapter 4, part 7 of Tenn. Code Ann.;
- (6) Prime commercial paper that is rated at least A1 or equivalent by at least two (2) nationally recognized rating services, and the paper shall have a remaining maturity of ninety (90) days or less;
- (7) The municipality's own bonds or notes issued in accordance with title 9, chapter 21, Tenn. Code Ann.; and
- (8) Proceeds of bonds, notes and other obligations issued by municipalities, reserves held in connection therewith and the investment income therefrom, may be invested in obligations that:

- (A) Are rated in either of the two (2) highest rated categories by a nationally recognized rating agency of such obligation;
- (B) Are direct general obligations of a state of the United States, or a political subdivision or instrumentality thereof, having general taxing powers; and
- (C) Have a final maturity on the date of investment of not to exceed forty-eight (48) months or that may be tendered by the holder to the issuer thereof, or an agent of the issuer, at not less than forty-eight-month intervals.

SECTION II. That such proceeds and the investment income thereon may also be invested as otherwise set forth in this ordinance.

SECTION III. That the investments authorized by this ordinance are in addition to those authorized in any other general law or in the Kingsport City Charter.

SECTION IV. That pursuant to T.C.A. section 6-56-106(a)(9)(A) the Statement of Investment Policy set out below, is approved and adopted as the investment policy of the city, said policy being as follows:

Statement of Investment Policy

City of Kingsport, Tennessee

Purpose

The purpose of this policy (the "Investment Policy") is to set forth the investment and operational policies for the management of the public funds of the City of Kingsport (the "City").

The Investment Policy is designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices. The Investment Policy is in compliance with T.C.A. section 6-56-106, regarding the investment of all idle city funds, and all applicable provisions of the City Charter.

Scope of the Investment Policy

This policy applies to the investment of all funds of the City. Except for special funds that are otherwise specifically provided for, the City will consolidate the balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation of capital in the overall portfolio in accordance with generally accepted accounting principles.

Investment Objectives

The City Portfolio shall be managed to accomplish the following hierarchy of objectives:

1) Preservation of Principal - The single most important objective of the City investment program is the preservation of the principal of those funds within the City Portfolio. The objective will be to mitigate the following risks:

A. Credit Risk

The City will minimize credit risk, which is the risk of loss due to the failure of the investment issuer or backer, by:

- Limiting the portfolio to the types of investments pursuant to T.C.A. section 6-56-106.
- Pre-qualifying the financial institutions with which the City will do business.

- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

B. Interest Rate Risk

The City will minimize interest rate risk, which is the risk that the market value of investments in the portfolio will fall due to changes in market interest rates, by:

- Structuring the portfolio to meet the cash requirements of ongoing operations, thereby mitigating the need to liquidate investments at a loss prior to maturity;
- Investing operating funds primarily in shorter-term investments, money market accounts, CDs or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.

C. Concentration Risk

The City will minimize Concentration of Credit Risk, which is the risk of loss due to having a significant portion of resources invested in a single issuer, by diversifying the investment portfolio as described in the Portfolio Diversification below. Investments issued or explicitly guaranteed by the U.S. government or Tennessee Bank Collateral Pool, Tennessee Local Government Investment Pool (LGIP) and any other external investment pools that are authorized by the State are excluded from this requirement.

D. Custodial Credit Risk

The City will minimize Custodial Credit Risk for deposits, which is the risk that in the event of the failure of a depository financial institution the deposits or collateralized investments that are in the possession of an outside party would not be able to be recovered. See Collateralization below.

- 1) The City will minimize Custodial Credit Risk for investments, which is the risk that in the event of the failure of the counterparty to a transaction the value or collateralized investments that are in the possession of an outside party would not be able to be recovered, as addressed in Safekeeping and Custody below.
- 2) Maintenance of Liquidity - The City Portfolio shall be managed in such a manner that assures that funds are available as needed to meet those immediate and/or future operating requirements of the City, including but not limited to payroll, accounts payable, capital projects, debt service and any other payments.
- 3) Maximize Return - The City Portfolio shall be managed in such a fashion as to maximize the return on investments but within the context and parameters set forth by objectives 1 and 2 above.

Organization

The City Recorder/CFO will have responsibility for the investment process, carry out the day-to-day operational requirements and will maintain written administrative procedures for the operation of the investment program consistent with this Investment Policy.

Such procedures will include explicit delegation of authority to persons responsible for investment transactions. The City Recorder/CFO and those to whom he/she has delegated will be charged with the following responsibilities:

- 1) To review and update the Investment Policy at least annually;
- 2) Monitor the investment transactions to insure that proper controls are in place to ensure the integrity and security of the City Portfolio;
- 3) Assure that the City is in compliance with current state law, any applicable City Charter provisions and the Investment Policy;
- 4) Meet periodically to deliberate such topics as economic outlook, portfolio diversification and maturity structure, cash flow forecasts, potential risks and the target rate of return on the City Portfolio.

The City may employ an outside investment manager(s) to assist in managing some or all of the City Portfolio. Such outside investment manager(s) must be registered under the Investment Advisors Act of 1940.

Standard of Prudence

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The "prudent person" standard states that, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment."

While the standard of prudence to be used by Investment Officers who are City officers or employees is the "Prudent Person" standard, any person or firm hired or retained to invest, monitor, or advise concerning these assets shall be held to the higher standard of "Prudent Expert". The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these funds, the Investment Advisor shall exercise: the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the funds, so as to minimize the risk, considering the probable income as well as the probable safety of their capital.

Ethics and Conflict of Interest

City employees involved in the investment process for the City shall refrain from personal business activity that could conflict with the proper execution and management of the City's investment program, or that could impair their ability to make impartial decisions. City employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal finance or investment positions that could be related to the performance of the City Portfolio. City employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

Authorized and Suitable Investments

The City's investment officers, in order to provide a safe temporary medium for investment of idle funds, shall have the authority to purchase and invest prudently as authorized by T.C.A. section 6-56-106 or as it may be amended.

Portfolio Diversification

It is the policy of the City to reduce overall risks while attaining average market rates of return by diversifying its investments.

The investments shall be diversified by:

- limiting investments to avoid over concentration in eligible securities from a specific issuer or business sector (excluding U.S. Treasury securities),
- avoiding investment in ineligible securities that have higher credit risks,
- investing in securities with variable maturities, and
- investing a portion of the portfolio in readily available funds such as the Tennessee Local Government Investment Pool (LGIP) or collateralized money market accounts to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

In establishing specific diversification strategies, the following general policies and constraints shall apply:

Portfolio maturities shall be staggered to avoid undue concentration of assets with similar maturity dates. Maturities selected shall provide for stability of income and reasonable liquidity.

For cash management funds, liquidity shall be assured through practices ensuring that the next disbursement date and payroll date are covered through maturing investments or marketable U.S. Treasury bills.

When the City has engaged the services of an outside investment firm, the funds managed by the firm will be subject to the diversification criteria included in the investment services agreement with the City.

Maximum Maturity

Maintenance of adequate liquidity to meet the cash flow needs of the City is essential. Accordingly the City Portfolio will be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. Selection of investment maturities must be consistent with the cash requirements of the City in order to avoid the forced sale of securities prior to maturity.

The City Portfolio will be invested in permitted investments with a stated maturity of no more than 4 years from the date of purchase unless the security is matched to a specific obligation or debt of the City. Prior written approval of Comptroller of the Treasury must be obtained to invest in a security with a maturity longer than 4 years.

Monitoring and Adjusting the Portfolio

Those responsible for the day-to-day management of the City Portfolio will routinely monitor the contents of the City Portfolio, the available markets and the relative values of competing instruments, and will adjust the City Portfolio as necessary to meet the investment objectives listed herein.

Internal Controls

The City Recorder/CFO shall establish a system of internal controls governing the administration and management of the City Portfolio, and these controls shall be documented in writing. Such controls shall be designed to prevent and control losses of City funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by any personnel.

Selection, Approval of Brokers, Qualified Financial Institutions

The City Recorder/CFO shall maintain a list of financial institutions and broker/dealers that are approved for investment purposes. Written procedures listed below describe the competitive selection process for financial institutions with which investment transactions will be conducted. All brokers, dealers, and depositories deemed to be "qualified institutions" will be provided with current copies of the Investment Policy. Acknowledgement of receipt of this Investment Policy, including confirmation that it has been reviewed by persons dealing directly with the City's account, will be received from an organization prior to it providing investment services to the City. A current audited financial statement is required to be on file for each financial institution and broker/dealer with which the City trades.

Competitive Selection of Investment Instruments

It will be the policy of the City to transact all securities purchase/sales only with approved financial institutions through a formal and competitive process requiring the solicitation and evaluation of at least three bids/offers from qualified financial institutions. The City will accept the offer that provides (a) the highest rate of return within the maturity required; and (b) optimizes the investment objective of the overall portfolio. When selling a security, the City will select the bid that generates the highest sale price.

It will be the responsibility of the personnel involved with each purchase/sale to produce and retain written records of each transaction including the name of the financial institutions solicited, rate quoted, description of the security, investment selected, and any special considerations that had an impact on the decision. If the lowest priced security (highest yield) was not selected for purchase, an explanation describing the rationale will be included in this record.

Collateralization

In accordance with State law T.C.A. section 9-4-105 and the GFOA Recommended Practices on the Collateralization of Public Deposits, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit, except when the institution issuing the certificate of deposit belongs to the Tennessee Bank Collateral Pool.

Whenever possible, every attempt should be made to secure City deposits and investments through the State of Tennessee Collateral Pool.

Safekeeping and Custody

Except as noted below, all investment securities purchased by the City or held as collateral on either deposits or investments shall be held in third-party safekeeping at a financial institution (to be designated as the "Custodian") qualified to act in this capacity. All transactions will be conducted on a delivery-vs.-payment basis. All securities held for the City account will be held free and clear of any lien. The Custodian shall issue a safekeeping receipt to the City listing the specific instrument, rate, maturity and other pertinent information. On a monthly basis, the Custodian will also provide reports which list all securities held for the City, the book value of holdings and the market value as of month-end.

Certificates of Deposit may be held in physical form by the City providing that said certificates of deposit are collateralized through the State of Tennessee Collateral Pool, or collateral pledged on such deposits is held by the Custodian and a system of internal controls has been established to protect the City against loss.

Appropriate City officials and representatives of the Custodian responsible for, or in any manner involved with, the safekeeping and custody process of the City shall be bonded in such a fashion as to protect the City from losses from malfeasance and misfeasance.

Performance Standards

The City Portfolio shall be designed and managed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow needs of the City. Short-term funds and other funds that must maintain a high degree of liquidity will be compared to the return on the three-month U. S. Treasury Bill. The core portfolio and other funds that have a longer-term investment horizon will be compared to an index of U. S. Treasury securities having a similar duration or other appropriate benchmark. Performance will be measured over a complete market cycle.

Reporting

The Investment Officer shall prepare an investment report not less than quarterly of the status of the current investments. The report will include the following:

- Percent invested in each security type (CD, US Treasury, money market funds, etc).
- Listing of investments by maturity date.

When the City has engaged the services of an outside investment firm, the outside investment manager(s) shall prepare and submit to the City Recorder/CFO a "Quarterly Investment Report" that summarizes the following: (i) recent market conditions, economic developments and anticipated investment conditions, (ii) the investment strategies employed in the most recent quarter, (iii) portfolio return (on a market value basis) versus appropriate benchmarks; (iv) a summary of broker activity, and (v) any areas of policy concern warranting possible revisions of current or planned investment strategies.

On a monthly basis, the outside investment manager(s) will provide the City Recorder/CFO with the following reports: (i) a listing of the existing portfolio in terms of investment securities, amortized book value, maturity date, return, market value and other features deemed relevant, (ii) the total investment earnings for the reporting period and (iii) a listing of all transactions executed during the month.

The report will also include a statement that the investment of the City Portfolio is in compliance with this Investment Policy and any applicable bond resolutions.

Investment Policy Adoption

This Investment Policy is adopted by the Board of Mayor this ___ day of _____ 2014.

SECTION V. That this ordinance shall take effect from and after the date of its passage, as the law directs, the public welfare of the citizens 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 _____

PASSED ON 2ND READING _____



AGENDA ACTION FORM

Consideration of an Ordinance Authorizing Investments of Idle Funds and Adoption of an Investment Policy

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-198-2014
Work Session: August 18, 2014
First Reading: August 19, 2014

Final Adoption: September 2, 2014
Staff Work By: Jim Demming
Presentation By: Jim Demming

Recommendation:

Approve the ordinance adopting an investment policy and authorizing certain investments.

Executive Summary:

Attached, for consideration, is a proposed ordinance that updates the City's investment policies included within the City's financial management policies. TCA 6-56-106, the statute that governs municipal investments, has been amended several times since the City established the previous policy in FY2002. The ordinance incorporates the amendments as they relate to the City's practices and include certain provisions as recommended by the GFOA. Areas concerning maximum maturities, controls, safekeeping and collateralization have been included.

Additional investment instruments, which are permitted under TCA 6-56-10 and required to be authorized by the BMA by ordinance, have also been included. These included prime commercial paper and instruments of certain federal government sponsored enterprises (GSEs).

If additional information is needed, please advise.

Attachments:

- 1. Ordinance

	Y	N	O
Clark	—	—	—
George	—	—	—
Hall	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Phillips	—	—	—

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING CERTAIN INVESTMENTS OF FUNDS PURSUANT TO TENNESSEE CODE ANNOTATED SECTION 6-56-106; ADOPTING AN INVESTMENT POLICY GOVERNING SUCH INVESTMENTS; AND FIXING THE EFFECTIVE DATE OF THIS ORDINANCE

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

SECTION I. That pursuant to T.C.A. section 6-56-106 the board approves and authorizes the city treasurer to invest idle funds of the city in the following:

- (1) Bonds, notes or treasury bills of the United States;
- (2) Nonconvertible debt securities of the following federal government sponsored enterprises that are chartered by the United States Congress; provided, that such securities are rated in the highest category by at least two (2) nationally recognized rating services:
 - (A) The federal home loan bank;
 - (B) The federal national mortgage association;
 - (C) The federal farm credit bank; and
 - (D) The federal home loan mortgage corporation;
- (3) Any other obligations not listed in subdivisions (a)(1) and (2) that are guaranteed as to principal and interest by the United States or any of its agencies;
- (4) Certificates of deposit and other evidences of deposit at state and federally chartered banks, and savings and loan associations. Notwithstanding any other public or private act to the contrary, all investments made pursuant to this subdivision (a)(4) shall be secured by collateral in the same manner and under the same conditions as state deposits under title 9, chapter 4, parts 1 and 4, or as provided in a collateral pool created under title 9, chapter 4, part 5;
- (5) The local government investment pool created by title 9, chapter 4, part 7 of Tenn. Code Ann.;
- (6) Prime commercial paper that is rated at least A1 or equivalent by at least two (2) nationally recognized rating services, and the paper shall have a remaining maturity of ninety (90) days or less;
- (7) The municipality's own bonds or notes issued in accordance with title 9, chapter 21, Tenn. Code Ann.; and
- (8) Proceeds of bonds, notes and other obligations issued by municipalities, reserves held in connection therewith and the investment income therefrom, may be invested in obligations that:

- (A) Are rated in either of the two (2) highest rated categories by a nationally recognized rating agency of such obligation;
- (B) Are direct general obligations of a state of the United States, or a political subdivision or instrumentality thereof, having general taxing powers; and
- (C) Have a final maturity on the date of investment of not to exceed forty-eight (48) months or that may be tendered by the holder to the issuer thereof, or an agent of the issuer, at not less than forty-eight-month intervals.

SECTION II. That such proceeds and the investment income thereon may also be invested as otherwise set forth in this ordinance.

SECTION III. That the investments authorized by this ordinance are in addition to those authorized in any other general law or in the Kingsport City Charter.

SECTION IV. That pursuant to T.C.A. section 6-56-106(a)(9)(A) the Statement of Investment Policy set out below, is approved and adopted as the investment policy of the city, said policy being as follows:

Statement of Investment Policy

City of Kingsport, Tennessee

Purpose

The purpose of this policy (the "Investment Policy") is to set forth the investment and operational policies for the management of the public funds of the City of Kingsport (the "City").

The Investment Policy is designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices. The Investment Policy is in compliance with T.C.A. section 6-56-106, regarding the investment of all idle city funds, and all applicable provisions of the City Charter.

Scope of the Investment Policy

This policy applies to the investment of all funds of the City. Except for special funds that are otherwise specifically provided for, the City will consolidate the balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation of capital in the overall portfolio in accordance with generally accepted accounting principles.

Investment Objectives

The City Portfolio shall be managed to accomplish the following hierarchy of objectives:

1) Preservation of Principal - The single most important objective of the City investment program is the preservation of the principal of those funds within the City Portfolio. The objective will be to mitigate the following risks:

A. Credit Risk

The City will minimize credit risk, which is the risk of loss due to the failure of the investment issuer or backer, by:

- Limiting the portfolio to the types of investments pursuant to T.C.A. section 6-56-106.
- Pre-qualifying the financial institutions with which the City will do business.

- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

B. Interest Rate Risk

The City will minimize interest rate risk, which is the risk that the market value of investments in the portfolio will fall due to changes in market interest rates, by:

- Structuring the portfolio to meet the cash requirements of ongoing operations, thereby mitigating the need to liquidate investments at a loss prior to maturity;
- Investing operating funds primarily in shorter-term investments, money market accounts, CDs or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.

C. Concentration Risk

The City will minimize Concentration of Credit Risk, which is the risk of loss due to having a significant portion of resources invested in a single issuer, by diversifying the investment portfolio as described in the Portfolio Diversification below. Investments issued or explicitly guaranteed by the U.S. government or Tennessee Bank Collateral Pool, Tennessee Local Government Investment Pool (LGIP) and any other external investment pools that are authorized by the State are excluded from this requirement.

D. Custodial Credit Risk

The City will minimize Custodial Credit Risk for deposits, which is the risk that in the event of the failure of a depository financial institution the deposits or collateralized investments that are in the possession of an outside party would not be able to be recovered. See Collateralization below.

- 1) The City will minimize Custodial Credit Risk for investments, which is the risk that in the event of the failure of the counterparty to a transaction the value or collateralized investments that are in the possession of an outside party would not be able to be recovered, as addressed in Safekeeping and Custody below.
- 2) Maintenance of Liquidity - The City Portfolio shall be managed in such a manner that assures that funds are available as needed to meet those immediate and/or future operating requirements of the City, including but not limited to payroll, accounts payable, capital projects, debt service and any other payments.
- 3) Maximize Return - The City Portfolio shall be managed in such a fashion as to maximize the return on investments but within the context and parameters set forth by objectives 1 and 2 above.

Organization

The City Recorder/CFO will have responsibility for the investment process, carry out the day-to-day operational requirements and will maintain written administrative procedures for the operation of the investment program consistent with this Investment Policy.

Such procedures will include explicit delegation of authority to persons responsible for investment transactions. The City Recorder/CFO and those to whom he/she has delegated will be charged with the following responsibilities:

- 1) To review and update the Investment Policy at least annually;
- 2) Monitor the investment transactions to insure that proper controls are in place to ensure the integrity and security of the City Portfolio;
- 3) Assure that the City is in compliance with current state law, any applicable City Charter provisions and the Investment Policy;
- 4) Meet periodically to deliberate such topics as economic outlook, portfolio diversification and maturity structure, cash flow forecasts, potential risks and the target rate of return on the City Portfolio.

The City may employ an outside investment manager(s) to assist in managing some or all of the City Portfolio. Such outside investment manager(s) must be registered under the Investment Advisors Act of 1940.

Standard of Prudence

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The "prudent person" standard states that, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment."

While the standard of prudence to be used by Investment Officers who are City officers or employees is the "Prudent Person" standard, any person or firm hired or retained to invest, monitor, or advise concerning these assets shall be held to the higher standard of "Prudent Expert". The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these funds, the Investment Advisor shall exercise: the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the funds, so as to minimize the risk, considering the probable income as well as the probable safety of their capital.

Ethics and Conflict of Interest

City employees involved in the investment process for the City shall refrain from personal business activity that could conflict with the proper execution and management of the City's investment program, or that could impair their ability to make impartial decisions. City employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal finance or investment positions that could be related to the performance of the City Portfolio. City employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

Authorized and Suitable Investments

The City's investment officers, in order to provide a safe temporary medium for investment of idle funds, shall have the authority to purchase and invest prudently as authorized by T.C.A. section 6-56-106 or as it may be amended.

Portfolio Diversification

It is the policy of the City to reduce overall risks while attaining average market rates of return by diversifying its investments.

The investments shall be diversified by:

- limiting investments to avoid over concentration in eligible securities from a specific issuer or business sector (excluding U.S. Treasury securities),
- avoiding investment in ineligible securities that have higher credit risks,
- investing in securities with variable maturities, and
- investing a portion of the portfolio in readily available funds such as the Tennessee Local Government Investment Pool (LGIP) or collateralized money market accounts to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

In establishing specific diversification strategies, the following general policies and constraints shall apply:

Portfolio maturities shall be staggered to avoid undue concentration of assets with similar maturity dates. Maturities selected shall provide for stability of income and reasonable liquidity.

For cash management funds, liquidity shall be assured through practices ensuring that the next disbursement date and payroll date are covered through maturing investments or marketable U.S. Treasury bills.

When the City has engaged the services of an outside investment firm, the funds managed by the firm will be subject to the diversification criteria included in the investment services agreement with the City.

Maximum Maturity

Maintenance of adequate liquidity to meet the cash flow needs of the City is essential. Accordingly the City Portfolio will be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. Selection of investment maturities must be consistent with the cash requirements of the City in order to avoid the forced sale of securities prior to maturity.

The City Portfolio will be invested in permitted investments with a stated maturity of no more than 4 years from the date of purchase unless the security is matched to a specific obligation or debt of the City. Prior written approval of Comptroller of the Treasury must be obtained to invest in a security with a maturity longer than 4 years.

Monitoring and Adjusting the Portfolio

Those responsible for the day-to-day management of the City Portfolio will routinely monitor the contents of the City Portfolio, the available markets and the relative values of competing instruments, and will adjust the City Portfolio as necessary to meet the investment objectives listed herein.

Internal Controls

The City Recorder/CFO shall establish a system of internal controls governing the administration and management of the City Portfolio, and these controls shall be documented in writing. Such controls shall be designed to prevent and control losses of City funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by any personnel.

Selection, Approval of Brokers, Qualified Financial Institutions

The City Recorder/CFO shall maintain a list of financial institutions and broker/dealers that are approved for investment purposes. Written procedures listed below describe the competitive selection process for financial institutions with which investment transactions will be conducted. All brokers, dealers, and depositories deemed to be "qualified institutions" will be provided with current copies of the Investment Policy. Acknowledgement of receipt of this Investment Policy, including confirmation that it has been reviewed by persons dealing directly with the City's account, will be received from an organization prior to it providing investment services to the City. A current audited financial statement is required to be on file for each financial institution and broker/dealer with which the City trades.

Competitive Selection of Investment Instruments

It will be the policy of the City to transact all securities purchase/sales only with approved financial institutions through a formal and competitive process requiring the solicitation and evaluation of at least three bids/offers from qualified financial institutions. The City will accept the offer that provides (a) the highest rate of return within the maturity required; and (b) optimizes the investment objective of the overall portfolio. When selling a security, the City will select the bid that generates the highest sale price.

It will be the responsibility of the personnel involved with each purchase/sale to produce and retain written records of each transaction including the name of the financial institutions solicited, rate quoted, description of the security, investment selected, and any special considerations that had an impact on the decision. If the lowest priced security (highest yield) was not selected for purchase, an explanation describing the rationale will be included in this record.

Collateralization

In accordance with State law T.C.A. section 9-4-105 and the GFOA Recommended Practices on the Collateralization of Public Deposits, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit, except when the institution issuing the certificate of deposit belongs to the Tennessee Bank Collateral Pool.

Whenever possible, every attempt should be made to secure City deposits and investments through the State of Tennessee Collateral Pool.

Safekeeping and Custody

Except as noted below, all investment securities purchased by the City or held as collateral on either deposits or investments shall be held in third-party safekeeping at a financial institution (to be designated as the "Custodian") qualified to act in this capacity. All transactions will be conducted on a delivery-vs.-payment basis. All securities held for the City account will be held free and clear of any lien. The Custodian shall issue a safekeeping receipt to the City listing the specific instrument, rate, maturity and other pertinent information. On a monthly basis, the Custodian will also provide reports which list all securities held for the City, the book value of holdings and the market value as of month-end.

Certificates of Deposit may be held in physical form by the City providing that said certificates of deposit are collateralized through the State of Tennessee Collateral Pool, or collateral pledged on such deposits is held by the Custodian and a system of internal controls has been established to protect the City against loss.

Appropriate City officials and representatives of the Custodian responsible for, or in any manner involved with, the safekeeping and custody process of the City shall be bonded in such a fashion as to protect the City from losses from malfeasance and misfeasance.

Performance Standards

The City Portfolio shall be designed and managed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow needs of the City. Short-term funds and other funds that must maintain a high degree of liquidity will be compared to the return on the three-month U. S. Treasury Bill. The core portfolio and other funds that have a longer-term investment horizon will be compared to an index of U. S. Treasury securities having a similar duration or other appropriate benchmark. Performance will be measured over a complete market cycle.

Reporting

The Investment Officer shall prepare an investment report not less than quarterly of the status of the current investments. The report will include the following:

- Percent invested in each security type (CD, US Treasury, money market funds, etc).
- Listing of investments by maturity date.

When the City has engaged the services of an outside investment firm, the outside investment manager(s) shall prepare and submit to the City Recorder/CFO a "Quarterly Investment Report" that summarizes the following: (i) recent market conditions, economic developments and anticipated investment conditions, (ii) the investment strategies employed in the most recent quarter, (iii) portfolio return (on a market value basis) versus appropriate benchmarks; (iv) a summary of broker activity, and (v) any areas of policy concern warranting possible revisions of current or planned investment strategies.

On a monthly basis, the outside investment manager(s) will provide the City Recorder/CFO with the following reports: (i) a listing of the existing portfolio in terms of investment securities, amortized book value, maturity date, return, market value and other features deemed relevant, (ii) the total investment earnings for the reporting period and (iii) a listing of all transactions executed during the month.

The report will also include a statement that the investment of the City Portfolio is in compliance with this Investment Policy and any applicable bond resolutions.

Investment Policy Adoption

This Investment Policy is adopted by the Board of Mayor this ____ day of _____ 2014.

SECTION V. That this ordinance shall take effect from and after the date of its passage, as the law directs, the public welfare of the citizens 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 _____

PASSED ON 2ND READING _____



AGENDA ACTION FORM

Consideration of a Resolution Approving an Offer, Approving Tennessee Department of Transportation's Agreement of Sale and Authorizing the Mayor to Execute All Documents

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-239-2014
Work Session: September 2, 2014
First Reading: N/A

Final Adoption: September 2, 2014
Staff Work By: R. Trent; B. Albright
Presentation By: R. McReynolds

Recommendation:

Approve the resolution.

Executive Summary:

In order to proceed with the construction of the Rotherwood Greenbelt Project, it will be necessary to purchase in fee the property located at and described as Lot 11, Riverwoods Place. The "Rotherwood Greenbelt" project will link the existing riverfront section (and park) to the old bridge using an elevated "switchback" boardwalk that will be built along the cliffs of the North Fork - Holston River. On the Hawkins County side a concrete trail and accompanying boardwalk will be built circling under both old and new bridges and then, following the right-of-way of Netherland Inn Road, traverse past the Rotherwood Mansion where it terminates at Rotherwood Drive (trail-head). This unique project will result in the continued westward extension of the Greenbelt and provide some spectacular views of the Holston Rivers (North and South Forks), Bays Mountain, and the Rotherwood Mansion. Appraisals and Review Appraisals have been completed in accordance with the Tennessee Department of Transportation and Federal Highway Administration's guidelines and indicate the fair market value is \$42,000.00. The property owner, First Tennessee Bank, is willing to sell the property to the city for the appraised value of \$42,000.00.

This project is funded under GP1013.

Attachments:

- 1. Resolution
2. Project Location Maps

Funding source appropriate and funds are available: [Signature]

Table with 3 columns: Y, N, O and rows for Clark, George, Hall, McIntire, Parham, Segelhorst, Phillips.

RESOLUTION NO. _____

A RESOLUTION APPROVING AN OFFER FOR THE PURCHASE OF A TRACT OF REAL PROPERTY FOR THE GREENBELT PEDESTRIAN BRIDGE PROJECT; APPROVING TENNESSEE DEPARTMENT OF TRANSPORTATION'S PURCHASE AGREEMENT; AND AUTHORIZING THE MAYOR TO EXECUTE AN AGREEMENT AND ALL OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THIS RESOLUTION

WHEREAS, in order to continue with the construction of the greenbelt walkway, it will be necessary to purchase a parcel of property identified at Lot 11, Riverwoods Place; and

WHEREAS, under the guidelines of the grant, the city is required to use the Tennessee Department of Transportation's Agreement of Sale; and

WHEREAS, such acquisition would be in accordance with the city's acquisition policy as well as the acquisition policies of Tennessee Department of Transportation and the Federal Highway Administration.

Now therefore,

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

SECTION I. That pursuant to the appraisal of property indicating the fair market value of the property is \$42,000.00, an offer of \$42,000.00 is approved for the purchase of the parcel of property identified as Lot 11, Riverwoods Place, subject to such conditions as set out in the Purchase Agreement set out below for use as a greenbelt pedestrian walkway.

SECTION II. 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, Section 10 of the Charter of the City of Kingsport, a Purchase Agreement for the parcel of property identified as Lot 11, Riverwoods Place, and all other documents necessary and proper, and to take such acts as necessary, to effectuate the purpose of the agreement or this resolution, said agreement being as follows:

AGREEMENT OF SALE

FEDERAL PROJECT #STP-EN-9108(43) COUNTY SULLIVAN

STATE PROJECT #82LPLM-F3-038 TRACT 1

This agreement entered into on this the 18th day of August, 2014, between First Tennessee Bank, herein after called the Seller and the City of Kingsport, shall continue for a period of 90 days under the terms and conditions listed below. This Agreement embodies all considerations agreed to between the Seller and the City of Kingsport.

A. The Seller hereby offers and agrees to convey to the City of Kingsport lands identified as TRACT 1 on the right-of-way plan for the above referenced project upon the City of Kingsport tendering the purchase price of \$ 42,000.00, said tract being further described on the attached legal description.

B. The City of Kingsport agrees to pay for the expenses of title examination, preparation of instrument of conveyance and recording of deed. The City of Kingsport will reimburse the Seller for expenses incident to the transfer of the property to the City of Kingsport. Real estate taxes will be prorated.

The following terms and conditions will also apply unless otherwise indicated:

C. Retention of Improvements Does not Retain Improvements [] Not Applicable [X]
Seller agrees to retain improvements under the terms and conditions stated in the attached agreement to this document and make a part of this Agreement of Sale.

D. Utility Adjustment Not Applicable [X]

The Seller agrees to make at their expense the below listed repair, relocation or adjustment of utilities owned by them. The purchase price offered includes \$ ___-0-_____ to compensate the owner for their expenses.

E. Other

F. The Seller states in the following space the name of any Lessee of any part of the property to be conveyed and the name of any other parties having any interest of any kind in said property.

[Acknowledgements Deleted for Inclusion in this Resolution]

EXHIBIT A

Description of Real Property

BEGINNING at an iron pin on the northerly side-line of Netherland Inn Road; thence with a line parallel to the North Fork Holston River, N21 degrees 20'W, 249.68 feet to an iron pin; thence N71 degrees 04'E, 153.64 feet to an iron pin on the westerly side-line of Riverwoods Place / St. Charles Place; thence with said side-line by a curve to the left having a radius of 435.27 feet, an arc length of 88.64 feet, a chord of S03 degrees 18'E, 88.49 feet to an iron pin; thence continuing with said side-line S09 degrees 08'E, 151.40 feet to an iron pin; thence by a curve to the right having a radius of 25.00 feet, an arc length of 37.00 feet, a chord of S33 degrees 21'W, 33.77 feet to an iron pin on the northerly side-line of Netherland Inn Road; thence with said side-line S75 degrees 51'W, 67.08 feet to the Point of BEGINNING, containing 0.685 acres, more or less and being the same property of Mountain National Bank, Sullivan County Tax Map 451, Group A, Parcel 13.00, Deed Book 3014, Page 1058, as shown on Plat titled "Lot 11, St. Charles Place", prepared by Carter, Carr & Associates, dated March 21, 2014.
Tax Map 0451; Group A; Parcel 013.00

SECTION III. That the Mayor is further authorized to make such changes, approved by the mayor and city attorney, to the agreement set out herein that do not substantially alter the material provisions of the agreement, and the execution thereof by the mayor and the city attorney is conclusive evidence of the approval of such changes.

SECTION IV. That the board finds that the actions authorized by this resolution are for a public purpose and will promote the health, comfort and prosperity of the citizens of the city.

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

ADOPTED this the 2nd day of September, 2014.

DENNIS R. PHILLIPS, MAYOR

RECORDING DATA

PROPERTY IS SHOWN ON
TAX MAP 451, GROUP A, PARCEL 13.00

PROPERTY IS RECORDED IN
DEED BOOK 7614, PAGE 1056

ST CHARLES PLACE
IS RECORDED IN PLAT BOOK 42, PAGE 46

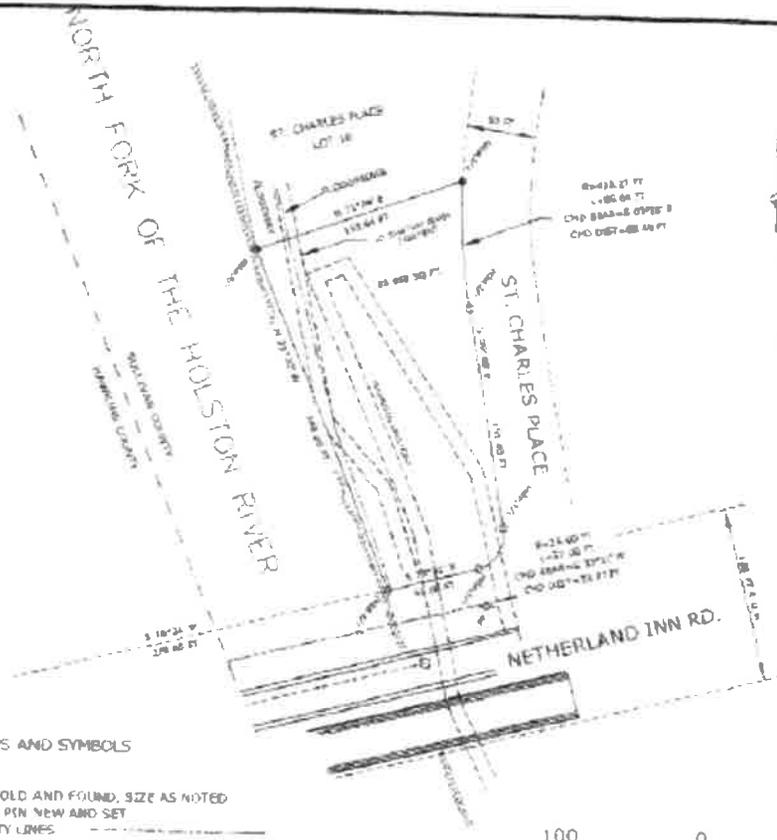
MONUMENTATION

ALL CORNERS ARE MARKED BY OLD EXISTING
MONUMENTATION AS NOTED ON BY NEW IRON
PINS UNLESS NOTED OTHERWISE

FLOOD CERTIFICATION

THIS IS TO CERTIFY THAT I HAVE CONSULTED THE
FEDERAL FLOOD HAZARD BOUNDARY MAPS AND FOUND
THAT THIS PROPERTY IS LOCATED IN A SPECIAL FLOOD
HAZARD AREA, ZONE X

FLOOD INSURANCE RATE MAP #47163C0043D
SULLIVAN COUNTY, TENNESSEE AND INCORPORATED
AREAS
EFFECTIVE DATE: SEPTEMBER 29, 2006



I HEREBY CERTIFY THAT THIS IS A
CATEGORY II SURVEY AND THAT THE RATIO
OF PRECISION FOR THE UNADJUSTED
SURVEY IS HIGHER THAN 1/7500

ABBREVIATIONS AND SYMBOLS

- DB= DEED BOOK
- IP(O)= IRON PIN OLD AND FOUND, SIZE AS NOTED
- IP(N)= 1/2" IRON PIN NEW AND SET
- OVERHEAD UTILITY LINES
- PG= PAGE
- R.O.W = RIGHT OF WAY
- UNSURVEYED ADJOINERS LINES
- U+ UTILITY POLE

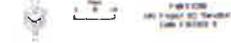
DRAWN BY	
DATE	4-04-14
DWG NO.	Z-12796-12796.DWG
APPROVED BY	DLC

PREPARED BY
CARTER, CARR & ASSOCIATES
SURVEYORS PLANNERS
5615 JONE STAR ROAD
KINGSPORT, TENNESSEE 37660
TEL. 423.349.6920
FAX. 423.349.5107
EMAIL: ccartercarr@carter-nat

LOT 11
ST. CHARLES PLACE
12th CIVIL DISTRICT
SULLIVAN COUNTY
KINGSPORT, TENNESSEE

Greenbelt Pedestrian Bridge Connection

- Legend**
- Greenbelt Improvements
 - Greenbelt Alignment
 - New Bridge Alignment



Greenbelt Improvements

New Rotherwood Bridge Alignment

Confluence Recreation Area & Parking Lot

Greenbelt

Rotherwood Mansion

N Fork Holston River

S Fork Holston River

NETHERLAND INN RD

BIG ELM RD

ROJ MEADOWS DR

Hamilton County

Sullivan County



AGENDA ACTION FORM

Consideration of a Resolution to Amend the Lease Agreement with Kingsport Tomorrow and to Allow the Mayor to Sign All Documents Necessary and Proper as They Pertain to the Lease

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager 

Action Form No.: AF-243-2014
Work Session: September 2, 2014
First Reading: N/A

Final Adoption: September 2, 2014
Staff Work By: McCart/Billingsley
Presentation By: Chris McCart

Recommendation:

Approve the resolution.

Executive Summary:

As seen in the attached letter from Kingsport Tomorrow Chairman Sam Jones, a formal request has been made to amend Kingsport Tomorrow's lease agreement with the City of Kingsport for office space at V.O. Dobbins. The recommended amendment would terminate the lease agreement between the City of Kingsport and Kingsport Tomorrow; however it would allow Kingsport Tomorrow to remain in their space until November 30, 2014 at no cost. Staff supports Kingsport Tomorrow's request and recommends the BMA approve this resolution.

Once Kingsport Tomorrow's suite is vacated staff will begin working to secure another non-profit tenant to fill this space.

Attachments:

1. Resolution
2. Letter from Sam Jones

	<u>Y</u>	<u>N</u>	<u>O</u>
Clark	—	—	—
George	—	—	—
Hall	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Phillips	—	—	—

RESOLUTION NO. _____

A RESOLUTION APPROVING AN AMENDMENT TO THE LEASE AGREEMENT WITH KINGSPORT TOMORROW, INC.; AUTHORIZING THE MAYOR TO EXECUTE THE AMENDMENT; APPROVING THE TERMINATION OF THE LEASE AGREEMENT WITH KINGSPORT TOMORROW, INC.; AND ALL OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE AMENDMENT

WHEREAS, in June 2010, the board approved a resolution authorizing the mayor to sign a lease agreement with Kingsport Tomorrow, Inc. for space at the V.O. Dobbins Complex; and

WHEREAS, the lease was for 2,019 square feet of the third floor of the non-profit wing, to begin on August 1, 2010 with a term of five years; and

WHEREAS, Kingsport Tomorrow, Inc. has advised the city that it will be ceasing administrative operations as of October, 31, 2014; and

WHEREAS, Kingsport Tomorrow, Inc. has asked the city to allow it to remain in the leased space until November 31, 2014 providing some time after cessation of operations to remove records and such from the office; and

WHEREAS, an amendment to the lease is necessary to accomplish the requested action; and

WHEREAS, Kingsport Tomorrow, Inc. has requested an amendment to the lease agreement so that the \$858.00 per month rent from August 1, 2014 through November 30, 2014 is reduced to zero and in exchange it will convey to the city all existing furnishings, equipment including telecommunication equipment, and computers currently in the leased office space;

Now therefore,

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

SECTION I. That an amendment to the lease agreement with Kingsport Tomorrow, Inc. allowing them to remain in the space until November 30, 2014 at no cost, is approved.

SECTION II. 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, Section 10 of the Charter of the City of Kingsport, an amendment to the lease agreement with Kingsport Tomorrow, Inc. allowing them to remain in the space until November 30, 2014 at no cost, and all other documents necessary and proper to effectuate the purpose of the agreement or this resolution, , said amendment being generally as follows:

AMENDMENT NUMBER 1 TO LEASE

This Amendment Number 1 to the Lease between City of Kingsport, Tennessee and Kingsport Tomorrow, Inc. is made with an effective date of September 2, 2014, by the City of Kingsport, Tennessee and Kingsport Tomorrow, Inc.

WITNESSETH:

WHEREAS the parties desire to amend the Lease between the parties for space in the V. O. Dobbins Sr. Complex;

NOW THEREFORE, based upon the mutual promises set out herein and other good and valuable consideration not necessary to set out herein the parties agree as follows:

1. That section 2 of the Lease is amended as follows:

SECTION 2. Beginning August 1, 2014, the rent to be paid to city will be \$0.00 per month, and in lieu thereof tenant will convey in good and marketable title in a form acceptable to landlord all existing furnishings, equipment including telecommunication equipment, and computers currently in the leased premises. Tenant will execute a bill of sale for such items, and other documents acceptable to landlord to convey a good and marketable title to the property, which execution will take place prior to ceasing administrative operations. In making such conveyance and in consideration of the reduction in the monthly rental, tenant will comply with Tennessee law including T.C.A. Title 48, chapter 62 pertaining to the sale of assets and chapter 64 pertaining to dissolution and will provide evidence of the same to the landlord prior to such conveyance.

2. That section 4 of the Lease is amended as follows:

SECTION 4. The term of this Lease shall end November 30, 2014, at which time the lease shall be terminated at the request of tenant.

Except as amended hereby, all other terms and conditions of the Lease shall remain in full force and effect and the parties hereto confirm and ratify the Lease as hereby amended.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment Number 1 with the effective date of September 3, 2014.

[Acknowledgements Deleted for Inclusion in this Resolution]

SECTION III. That the mayor is further authorized to make such changes approved by the mayor and the city attorney to the amendment set out herein that do not substantially alter the material provisions of the amendment, and the execution thereof by the mayor and the city attorney is conclusive evidence of the approval of such changes.

SECTION IV. That the board finds that the actions authorized by this resolution are for a public purpose and will promote the health, comfort and prosperity of the citizens of the city.

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

ADOPTED this the 2nd day of September, 2014.

DENNIS R. PHILLIPS, MAYOR

ATTEST:

JAMES H. DEMMING, CITY RECORDER

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, CITY ATTORNEY



July 30, 2014

Mr. Jeff Fleming, City Manager
City of Kingsport
225 West Center St.
Kingsport, TN 37660

Re: Kingsport Tomorrow, Inc. Occupancy of 301 Louis Street, Ste. 303

Dear Mr. Fleming:

Thank you for taking the time to meet with Chris McCartt, Kitty Frazier, Susan LaGuardia, Dave Price and myself on July 14, 2014 regarding the current and future activities of Kingsport Tomorrow, Inc. (Kingsport Tomorrow)

As you will recall, part of that discussion involved the possibility of Kingsport Tomorrow ceasing administrative operations, effective October 31, 2014. Because of unavoidable financial constraints, we find that we need to further discuss the issue of rent forgiveness by the City of Kingsport (City) during this upcoming period.

Considering that rent has already been paid for July, we are respectfully asking that the City forgive the payment by Kingsport Tomorrow of the \$858.00 monthly rent for the above referenced property for the period of August 1 through November 30, 2014. Every effort will be made to vacate the premises as soon after October 31 as possible, however that will be dependent upon our volunteers' ability to remove Kingsport Tomorrow papers and effects.

In consideration for this accommodation, we propose that ownership of the existing furnishings, equipment, and computers be transferred from Kingsport Tomorrow to the City, effective October 31, 2014. The majority of these assets were purchased or refurbished in 2010 with a generous furnishings grant shared by all residents of the V O Dobbins, Sr. building. The computers were recently updated and the suite's telephone system is relatively new. All of this property is in excellent condition and represents a good value for the City.

We also discussed the appropriateness of archiving Kingsport Tomorrow documents in the City Archive. Upon further consideration, we concur that because of the nature of that material, placement with the City would be the right thing to do and we look forward to working with your Archive staff to implement this recommendation.

Should you or your staff have questions regarding this matter, we would be available to address those matters, as appropriate. All of us at Kingsport Tomorrow continue to value our relationship with the City and appreciate your consideration of this request. We look forward to hearing from you at your earliest convenience.

Sincerely,

Sam Jones
Chairman

301 Louis Street, Suite 303
Kingsport, Tennessee 37660
(423) 246-2017 Facsimile (423) 224-2360

Visit our Web site at: www.kingsporttomorrow.org
Contact us by E-mail at: staff@kingsporttomorrow.org



AGENDA ACTION FORM

Consideration of a Resolution to Offer a Limited Retirement Incentive to Eligible Employees

To: Board of Mayor and Aldermen
 From: Jeff Fleming, City Manager 

Action Form No.: AF-244-2014
 Work Session: September 2, 2014
 First Reading: N/A

Final Adoption: September 2, 2014
 Staff Work By: Judy Smith/D. Denton
 Presentation By: Jeff Fleming/Judy Smith

Recommendation:

Approve the resolution.

Executive Summary:

During the FY14 Budget work session, staff presented costs savings by implementing an early retirement incentive.

The retirement incentive will help with challenges we will be facing in FY15. We are recommending to offer the limited retirement incentive to employees again as a continued cost savings and budget control.

While some savings were realized in FY14, the major savings will be in the FY15 and FY16 budgets.

The retirement incentive would be offered to employees that are eligible either by years of service or age.

To be eligible for early retirement, an employee must be 55 years of age and have at least 10 years of service with the City of Kingsport or 25 years and any age. For this group the retirement incentive will be a lump sum payment of \$10,000.

To be eligible for service retirement an employee must be 60 years of age and have at least 5 years of service or 30 years and any age; or a public safety employee eligible for the bridge benefit that has 25 years of service and is age 55 are eligible for a retirement incentive lump sum payment of \$7,000.00.

The retirement incentive payments are subject to the appropriate with-holding taxes.

Attachments:

1. Resolution

Funding source appropriate and funds are available:  _____

	Y	N	O
Clark	—	—	—
George	—	—	—
McIntire	—	—	—
Parham	—	—	—
Hall	—	—	—
Segelhorst	—	—	—
Phillips	—	—	—

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE CITY MANAGER TO
OFFER RETIREMENT INCENTIVES FOR A LIMITED
TIME TO ELIGIBLE EMPLOYEES

WHEREAS, as a cost saving measure, it is recommended that the city offer retirement incentives to eligible employees who submit an intent letter on or before October 15, 2014; and

WHEREAS, the eligibility requirements are as follows:

Full Retirement Incentive:

To be eligible for this incentive an employee must meet the following requirements:

The employee must meet the requirements of the Tennessee Consolidated Retirement System (TCRS) for full service retirement. Requirements for public safety employees eligible to receive the bridge benefit are less than other employees. Such employee must declare their intention to retire by submitting an intent letter to the city manager on or before October 15, 2014, and must retire effective on or before December 31, 2014. The retirement incentive that such eligible employee will receive upon retirement is a lump sum payment of \$7,000.00, subject to appropriate withholding of tax (income tax, Medicare, social security, etc.).

Early Retirement Incentive:

To be eligible for this incentive an employee must meet the following requirements:

Except for certain public safety employees, the employee must meet the requirements of TCRS for early retirement. Such employee taking early retirement must declare their intention to retire by submitting an intent letter to the city manager on or before October 15, 2014, and must retire effective on or before December 31, 2014. The retirement incentive that such eligible employee will receive upon retirement is a lump sum payment of \$10,000.00, subject to appropriate withholding of tax (income tax, Medicare, social security, etc.).

Now therefore,

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

SECTION I. That the city manager is authorized to offer a one-time limited duration full service retirement incentive consisting of \$7,000.00 lump sum for employees that are eligible as follows:

The employee must meet the requirements of the Tennessee Consolidated Retirement System (TCRS) for full service retirement. (Requirements for public safety employees eligible to receive the bridge benefit are less than other employees.) Such employee must declare their intention to retire by submitting an intent letter to the city manager on or before October 15, 2014, and must retire effective on or before December 31, 2014. The retirement incentive such eligible

employee will receive upon retirement is a lump sum payment of \$7,000.00, subject to appropriate withholding of tax (income tax, Medicare, social security, etc.).

SECTION II. That the city manager is authorized to offer a one-time limited duration early retirement incentive consisting of \$10,000.00 lump sum for employees that are eligible as follows:

Except for certain public safety employees, the employee must meet the requirements of TCRS for early retirement. Such employee taking early retirement must declare their intention to retire by submitting an intent letter to the city manager on or before October 15, 2014, and must retire effective on or before December 31, 2014. The retirement incentive such eligible employee will receive upon retirement is a lump sum payment of \$10,000.00, subject to appropriate withholding of tax (income tax, Medicare, social security, etc.).

SECTION III. That additionally, as part of the retirement incentive, eligible employees who receive the retirement incentive and who also meet the city eligibility requirements for retiree health insurance will be eligible to continue their health insurance coverage (single or family) in effect at the time of their retirement, provided it is continued to be made available to retirees by the board of mayor and aldermen, and such eligible employees will pay 5% above the active employees rate set annually by the board, and provided the board of mayor and aldermen continues to provide health insurance coverage for retirees, coverage may continue until the eligible employee is Medicare eligible, as long as the eligible employee pays their portion of the monthly health insurance premium. Notwithstanding the foregoing, health insurance eligibility guidelines will apply.

SECTION IV. That the city manager is authorized to determine whether the submission of the intent letter is irrevocable, and all other issues related to this retirement incentive other than as set out herein. Provided, however, notwithstanding the foregoing, an employee shall have seven (7) calendar days after submitting a written notice of intention to retire as set out herein to revoke the decision by giving written notice of such revocation to the city manager or designee.

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

ADOPTED this the 2nd day of September, 2014.

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 Public Improvement Bonds, Series 2014 A in an Amount Not to Exceed \$16,750,000

To: Board of Mayor and Aldermen
 From: Jeff Fleming, City Manager

Action Form No.: AF 245-2014
 Work Session: September 2, 2014
 First Reading: N/A

Final Adoption: September 2, 2014
 Staff Work By: Judy Smith/Jim Demming
 Presentation By: Jeff Fleming/Jim Demming

Recommendation: Approve the initial and detailed bond resolutions authorizing the issuance of General Obligation Public Improvement Bonds, Series A in an amount not to exceed \$16,750,000.

Executive Summary: Attached, for Board of Mayor and Aldermen consideration, is an initial and detailed bond resolution authorizing the City to issue up to \$16,750,000 of General Obligation Public Improvement Bonds to finance the construction/equipping of various capital projects as listed in the attached schedule (see Attachment I).

These projects are included in the approved FY2015 Capital Improvement Program (CIP). In addition, Attachment II includes a projected debt service schedule based on recent market conditions. Once the bonds are sold, final schedules will be provided to the BMA. The proposed amount of the bond issue includes estimated costs associated with issuing the bonds along with an amount for capitalized interest. These items are also detailed in Attachment II.

The adoption of the initial bond resolution will enable staff to proceed with the advertisement of the resolution and provide for the required 20-day period during which any protest petitions may be filed with the City.

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, Series A in an amount not to exceed \$16,750,000.

Attachments

1. Initial Resolution
2. Detailed Resolution
3. Attachment I
4. Attachment II

	Y	N	O
Clark	—	—	—
George	—	—	—
Hall	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Phillips	—	—	—

RESOLUTION NO. _____

INITIAL RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$16,750,000 GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS, SERIES 2014A 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, Series 2014A (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; acquisition, construction, improvement and renovation of public school facilities; street, parking, and sidewalk construction, improvement and expansion; acquisition, construction and improvement of a fire training ground and fire protection upgrades; acquisition, construction, and improvement of public recreational facilities, including development and construction of a softball and baseball complex and a tennis complex; the acquisition, construction, renovation, improvement and equipping of public buildings within the Municipality, including HVAC improvements; construction of landfill cell; acquisition of public works equipment, including fire ladder trucks, public safety vehicles, gasboy and fuel dispensers, and street lighting improvements; 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 Sixteen Million Seven Hundred Fifty Thousand Dollars (\$16,750,000) 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 2nd day of September, 2014.

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 September 2, 2014; (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 \$16,750,000 General Obligation Public Improvement Bonds, Series 2014A 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 2nd day of September, 2014.

CITY RECORDER

(SEAL)

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE EXECUTION, TERMS, ISSUANCE, SALE, AND PAYMENT OF NOT TO EXCEED \$16,750,000 GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS, SERIES 2014A, OF THE CITY OF KINGSPORT, TENNESSEE, AND PROVIDING THE DETAILS THEREOF

WHEREAS, on September 2, 2014, 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 \$16,750,000 General Obligation Public Improvement Bonds, Series 2014A 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 public improvement bonds for the purpose of financing certain public works projects, consisting of the acquisition of public art; acquisition, construction, improvement and renovation of public school facilities; street, parking, and sidewalk construction, improvement and expansion; acquisition, construction and improvement of a fire training ground and fire protection upgrades; acquisition, construction, and improvement of public recreational facilities, including development and construction of a softball and baseball complex and a tennis complex; the acquisition, construction, renovation, improvement and equipping of public buildings within the Municipality, including HVAC improvements; construction of landfill cell; acquisition of public works equipment, including fire ladder trucks, public safety vehicles, gasboy and fuel dispensers, and street lighting improvements; 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 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 \$16,750,000 General Obligation Public Improvement Bonds, Series 2014A (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, Series 2014A 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, Series 2014A of the Municipality, in the aggregate principal amount of not to exceed Sixteen Million Seven Hundred Fifty Thousand Dollars (\$16,750,000), 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, Series 2014A" 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 March 1, 2015. 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 September 1 of each year, subject to prior optional redemption, as hereinafter provided, either serially or through mandatory redemption, in the years 2015 through 2034, 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 September 1, 2015 through September 1, 2024, are not subject to redemption prior to maturity. The Bonds maturing on and after September 1, 2025, are subject to redemption prior to maturity on September 1, 2024, 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 Raymond James & Associates, 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 March 1, 2015, 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 September 1, 2015 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, Series 2014A"; 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 Public Improvement Bonds, Series 2014A, 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 \$16,750,000. 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, entering into an agreement with a dissemination agent to provide continuing disclosure services, 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 2nd day of September, 2014.

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 September 2, 2014; (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 \$16,750,000 General Obligation Public Improvement Bonds, Series 2014A 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 2nd day of September, 2014.

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 PUBLIC IMPROVEMENT BOND,
SERIES 2014A

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 March 1, 2015, 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 2014A" (the "Bonds"), issued by the Municipality in the aggregate principal amount of \$_____. The Bonds, which are issued for the purpose of financing certain public works projects, consisting of the acquisition of public art; acquisition, construction, improvement and renovation of public school facilities; street, parking, and sidewalk construction, improvement and expansion; acquisition, construction and improvement of a fire training ground and fire protection upgrades; acquisition, construction, and improvement of public recreational facilities, including development and construction of a softball and baseball complex and a tennis complex; the acquisition, construction, renovation, improvement and equipping of public buildings within the Municipality, including HVAC improvements; construction of landfill cell; acquisition of public works equipment, including fire ladder trucks, public safety vehicles, gasboy and fuel dispensers, and street lighting improvements; 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 September 2, 2014, entitled "Resolution Authorizing the Execution, Terms, Issuance, Sale, and Payment of Not to Exceed \$16,750,000 General Obligation Public Improvement Bonds, Series 2014A, 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 _____, through _____, are not subject to redemption prior to maturity. The Bonds maturing on and after _____, are subject to redemption prior to maturity on _____, 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 the Dated Date.

(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 2014A 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
Projects for Proposed Bond Issue
August 26, 2014

FY15 CIP Presented To BMA August 18, 2014

		<u>Previous</u>	<u>BMA Input</u>	<u>Proposed</u>		
Administration	Community Relations - Facility Improvements (10 yr)**	150,000	150,000	150,000		
Administration	Facilities Maintenance - HVAC Replacement (Includes Justice Center) (10 yr)**	250,000	250,000	250,000		
Administration	Fleet - Gasboy & Fuel Dispenser/ Overhead Fall Protection (10 yr)**	100,000	100,000	100,000		
Community	Centennial Hill Park Improvements	0	0	0		
Community	Library - Library Improvements	200,000	200,000	0		
Community	Allandale - Repair & Maintenance (10 yr)**	100,000	100,000	100,000	Project Inspire	8,540,000
Community	Bays Mountain - Park Improvements - PI	300,000	300,000	300,000	Other	7,900,000
Community	Parks - Borden Park Improvements / Tennis Complex - PI	2,000,000	2,000,000	500,000		<u>16,440,000</u>
Community	Parks - Civic Auditorium Improvements - PI	100,000	100,000	100,000		
Community	Parks - Land Acquisition for River Bend Park	0	1,200,000	1,200,000		
Community	Parks - Softball/Baseball Complex - PI	2,800,000	2,800,000	4,000,000		
Education	Education - D-B Excel	4,500,000	0	0		
Education	Education - Joint School Facility Program - (10 yr)**	190,000	190,000	190,000		
Education	Education - School Improvements	1,150,000	1,150,000	1,150,000		
Operations	Engineering - New Building Renovations	500,000	500,000	500,000		
Operations	Equipment (see attached listing) (10 yr)**	500,000	500,000	520,000		
Operations	Streets-Maint Street	0	500,000	500,000		
Operations	Streets - Fort Robinson Bridge Rebuild	200,000	200,000	0		
Operations	Streets - Landfill Cell Construction	1,000,000	1,000,000	1,000,000		
Operations	Streets - Street Resurfacing	2,000,000	3,250,000	1,000,000		
Operations	Streets - Sullivan Street Phase II	1,000,000	1,200,000	1,200,000		
Operations	Streets - Sullivan Street - Church Circle	0	400,000	0		
Operations	Streets - Sullivan Street Phase III	0	2,100,000	0		
Operations	Streets - Tranbarger & Chadwick Site Dist (10 yr)**	100,000	100,000	100,000		
Operations	Transportation - Sidewalk Improvements (10 yr)**	200,000	200,000	180,000		
Public Safety	Fire - Ladder Truck	600,000	600,000	600,000		
Public Safety	Fire - Training Ground	300,000	300,000	300,000		
Public Safety	Police - 800 MHz City Radio System	2,000,000	2,000,000	2,000,000		
Development	Model City Coalition-General Public Improvements	0	0	500,000		
		<u>20,240,000</u>	<u>21,390,000</u>	<u>16,440,000</u>		
	Water - Master Plan Water Upgrades			1,530,000		
	Water - Master Plan Water Upgrades			<u>1,200,000</u>		
				<u>2,730,000</u>		
	Sewer - Colonial Heights Sewer Extensions			4,700,000		
	Sewer - Treatment Plant Equalization Basin			810,000		
	Sewer - Sewer Line Rehabilitations			600,000		
	Sewer - Treatment Plant Motor Control Center Replacement			<u>500,000</u>		
				<u>6,610,000</u>		
	Total Projects			<u><u>25,780,000</u></u>		

City of Kingsport
Equipment for Proposed Bond Issue
August 26, 2014

Fund

	<u>Amount</u>
<u>Solid Waste</u>	
Small Rear Loader-Public Works	100,000
<u>State Street Aid</u>	
Street Lights	45,000
Flashing Yellow Arrow	40,000
Poly Electric Salt Machine-Public Works	12,000
Traffic Equipment	34,000
<u>General Fund</u>	
Forklift-Traffic	25,000
4 whdrive Pickup-Traffic	30,000
Police Cruiser	38,900
2 Cardiac Monitors & 2 Thermo Imaging Cameras	86,000
Ballfield Complex Equipment	72,000
Appliances & Infield Machine	37,100
Total	<u><u>520,000</u></u>

Preliminary

\$15,240,000

City of Kingsport, Tennessee

General Obligation Public Improvement Bonds, Series 2014A

Total Issue Sources And Uses

Dated 09/30/2014 | Delivered 09/30/2014

Issue Summary	
Sources Of Funds	
Par Amount of Bonds	\$15,240,000.00
Reoffering Premium	1,992,325.75
Total Sources	\$17,232,325.75
Uses Of Funds	
Deposit to Project Construction Fund	16,440,000.00
Deposit to Capitalized Interest (CIF) Fund	695,510.69
Costs of Issuance	93,187.50
Rounding Amount	3,627.56
Total Uses	\$17,232,325.75

Preliminary

\$15,240,000

City of Kingsport, Tennessee

General Obligation Public Improvement Bonds, Series 2014A

Debt Service Schedule

Date	Principal	Coupon	Yield	Interest	Total P+I
06/30/2015	-	-	-	271,674.17	271,674.17
06/30/2016	330,000.00	2.000%	0.160%	644,400.00	974,400.00
06/30/2017	335,000.00	2.000%	0.420%	637,750.00	972,750.00
06/30/2018	660,000.00	3.000%	0.720%	624,500.00	1,284,500.00
06/30/2019	680,000.00	3.000%	1.010%	604,400.00	1,284,400.00
06/30/2020	700,000.00	3.000%	1.370%	583,700.00	1,283,700.00
06/30/2021	725,000.00	3.000%	1.690%	562,325.00	1,287,325.00
06/30/2022	750,000.00	3.000%	1.970%	540,200.00	1,290,200.00
06/30/2023	775,000.00	4.000%	2.240%	513,450.00	1,288,450.00
06/30/2024	800,000.00	4.000%	2.420%	481,950.00	1,281,950.00
06/30/2025	830,000.00	4.000%	2.520%	449,350.00	1,279,350.00
06/30/2026	685,000.00	5.000%	2.630%	415,625.00	1,100,625.00
06/30/2027	720,000.00	5.000%	2.740%	380,500.00	1,100,500.00
06/30/2028	755,000.00	5.000%	2.820%	343,625.00	1,098,625.00
06/30/2029	795,000.00	5.000%	2.900%	304,875.00	1,099,875.00
06/30/2030	835,000.00	5.000%	2.980%	264,125.00	1,099,125.00
06/30/2031	880,000.00	5.000%	3.270%	221,250.00	1,101,250.00
06/30/2032	920,000.00	5.000%	3.270%	176,250.00	1,096,250.00
06/30/2033	970,000.00	5.000%	3.270%	129,000.00	1,099,000.00
06/30/2034	1,020,000.00	5.000%	3.270%	79,250.00	1,099,250.00
06/30/2035	1,075,000.00	5.000%	3.270%	26,875.00	1,101,875.00
Total	\$15,240,000.00	-	-	\$8,255,074.17	\$23,495,074.17

Yield Statistics

Bond Year Dollars	\$176,977.33
Average Life	11.613 Years
Average Coupon	4.6644810%
Net Interest Cost (NIC)	3.5387291%
True Interest Cost (TIC)	3.2156219%
Bond Yield for Arbitrage Purposes	2.7157698%
All Inclusive Cost (AIC)	3.2754952%
IRS Form 8038	
Net Interest Cost	3.0860621%
Weighted Average Maturity	11.777 Years

CITY OF KINGSPORT, TENNESSEE
FY 2014 – 2015 CAPITAL IMPROVEMENT PROGRAM

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

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

<u>Service</u>	<u>Provider/Other</u>	<u>Estimated Total⁽¹⁾</u>
Municipal Advisor (the “Financial Advisor”):	Raymond James & Associates, Inc.	\$45,500
Estimated - Bond Counsel:	Adams and Reese LLP	40,000
Rating Agencies:	Moody’s	17,500
	Standard & Poor’s	17,500
POS/OS Publication; Dissemination; Legal Advertising; Printing etc.	I-deal prospectus; TBD contract printer/RJ	2,250
Estimated – Registration and Paying Agent:	Regions Corporate Trust (per issue)	1,000
Other (Estimated):	Miscellaneous	<u>500</u>
Total:		<u>\$124,250</u>

Underwriter’s compensation for the Bonds will be determined at the time of the competitive public sale based on actual bids received. Since we are your Municipal Advisor (“Financial Advisor”), Raymond James will not be a bidder. It is estimated that such compensation will be between \$6.50/\$1,000 to \$8.00/\$1,000* of the final par amount of the Bonds actually issued. We have used the higher number in our pro-forma in order to be conservative.

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

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

* Subject to adjustment and revision based on actual bids received



AGENDA ACTION FORM

Consideration of Initial and Detailed Bond Resolutions Authorizing the Issuance of General Obligation Public Improvement Bonds, Series 2014 B in an Amount Not to Exceed \$9,550,000

To: Board of Mayor and Aldermen
 From: Jeff Fleming, City Manager

Action Form No.: AF 246-2014
 Work Session: September 2, 2014
 First Reading: N/A

Final Adoption: September 2, 2014
 Staff Work By: Judy Smith/Jim Demming
 Presentation By: Jeff Fleming/Jim Demming

Recommendation: Approve the initial and detailed bond resolutions authorizing the issuance of General Obligation Public Improvement Bonds, Series B in an amount not to exceed \$9,550,000.

Executive Summary: Attached, for Board of Mayor and Aldermen consideration, is an initial and detailed bond resolution authorizing the City to issue up to \$9,550,000 of General Obligation Public Improvement Bonds to finance the construction/equipping of various water and sewer system capital projects as listed in the attached schedule (see Attachment I). The revenues of the City's water and sewer systems are pledged as security for the repayment of these bonds.

These projects are included in the approved FY2015 Capital Improvement Program (CIP). In addition, Attachment II includes a projected debt service schedule based on recent market conditions. Once the bonds are sold, final schedules will be provided to the BMA. The proposed amount of the bond issue includes estimated costs associated with issuing the bonds. These items are also detailed in Attachment II.

The adoption of the initial bond resolution will enable staff to proceed with the advertisement of the resolution and provide for the required 20-day period during which any protest petitions may be filed with the City.

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, Series B in an amount not to exceed \$9,550,000.

Attachments

1. Initial Resolution
2. Detailed Resolution
3. Attachment I
4. Attachment II

	<u>Y</u>	<u>N</u>	<u>O</u>
Clark	—	—	—
George	—	—	—
Hall	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Phillips	—	—	—

RESOLUTION NO. _____

INITIAL RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$9,550,000 GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS, SERIES 2014B 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, Series 2014B (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; construction, expansion and improvement of the Municipality's water system; construction, expansion and improvement of the Municipality's sewer system; 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 Nine Million Five Hundred Fifty Thousand Dollars (\$9,550,000) 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 operation of the Municipality's water and sewer system, and in the event of a deficiency in such revenues, 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 2nd day of September, 2014.

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 September 2, 2014; (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 \$9,550,000 General Obligation Public Improvement Bonds, Series 2014B 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 2nd day of September, 2014.

CITY RECORDER

(SEAL)

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE EXECUTION, TERMS, ISSUANCE, SALE, AND PAYMENT OF NOT TO EXCEED \$9,550,000 GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS, SERIES 2014B, OF THE CITY OF KINGSPORT, TENNESSEE, AND PROVIDING THE DETAILS THEREOF

WHEREAS, on September 2, 2014, 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 \$9,550,000 General Obligation Public Improvement Bonds, Series 2014B 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 public improvement bonds for the purpose of financing certain public works projects, consisting of the acquisition of public art; construction, expansion and improvement of the Municipality's water system; construction, expansion and improvement of the Municipality's sewer system; 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 revenues to be derived from the operation of the Municipality's water and sewer system, and in the event of a deficiency in such revenues, 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, or amount;

WHEREAS, the Board finds that it is necessary and desirable to issue not to exceed \$9,550,000 General Obligation Public Improvement Bonds, Series 2014B (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, Series 2014B 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, Series 2014B of the Municipality, in the aggregate principal amount of not to exceed Nine Million Five Hundred Fifty Thousand Dollars (\$9,550,000), 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, Series 2014B” 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 March 1, 2015. 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 September 1 of each year, subject to prior optional redemption, as hereinafter provided, either serially or through mandatory redemption, in the years 2016 through 2034, 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 September 1, 2016 through September 1, 2024, are not subject to redemption prior to maturity. The Bonds maturing on and after September 1, 2025, are subject

to redemption prior to maturity on September 1, 2024, 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 revenues to be derived from the operation of the Municipality's water and sewer system, and in the event of a deficiency in such revenues, 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, 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 Raymond James & Associates, 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 March 1, 2015, 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 September 1, 2016, 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, Series 2014B"; 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 Public Improvement Bonds, Series 2014B, 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 engineering 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 \$9,550,000. 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, entering into an agreement with a dissemination agent to provide continuing disclosure services, 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 2nd day of September, 2014.

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 September 2, 2014; (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 \$9,550,000 General Obligation Public Improvement Bonds, Series 2014B 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 2nd day of September, 2014.

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 PUBLIC IMPROVEMENT BOND,
SERIES 2014B

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 March 1, 2015, 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 2014B" (the "Bonds"), issued by the Municipality in the aggregate principal amount of \$ _____. The Bonds, which are issued for the purpose of financing certain public works projects, consisting of the acquisition of public art; construction, expansion and improvement of the Municipality's water system; construction, expansion and improvement of the Municipality's sewer system; 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 September 2, 2014, entitled "Resolution Authorizing the Execution, Terms, Issuance, Sale, and Payment of Not to Exceed \$9,550,000 General Obligation Public Improvement Bonds, Series 2014B, 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.

The Bonds are payable from revenues to be derived from the operation of the Municipality's water and sewer system, and in the event of a deficiency in such revenues, 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 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 _____, _____, through _____, _____, are not subject to redemption prior to maturity. The Bonds maturing on and after _____, _____, are subject to redemption prior to maturity on _____, _____, 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 the Dated Date.

MAYOR

(SEAL)

ATTEST:

APPROVED AS TO FORM:

RECORDER

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 2014B 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.

Attachment I
Series A & Series B

City of Kingsport
Projects for Proposed Bond Issue
August 26, 2014

FY15 CIP Presented To BMA August 18, 2014

		Previous	BMA Input	Proposed		
Administration	Community Relations - Facility Improvements (10 yr)**	150,000	150,000	150,000		
Administration	Facilities Maintenance - HVAC Replacement (Includes Justice Center) (10 yr)**	250,000	250,000	250,000		
Administration	Fleet - Gasboy & Fuel Dispenser/ Overhead Fall Protection (10 yr)**	100,000	100,000	100,000		
Community	Centennial Hill Park Improvements	0	0	0		
Community	Library - Library Improvements	200,000	200,000	0	I Project Inspire	8,540,000
Community	Allandale - Repair & Maintenance (10 yr)**	100,000	100,000	100,000	Other	7,900,000
Community	Bays Mountain - Park Improvements - PI	300,000	300,000	300,000		<u>16,440,000</u>
Community	Parks - Borden Park Improvements / Tennis Complex - PI	2,000,000	2,000,000	500,000		
Community	Parks - Civic Auditorium Improvements - PI	100,000	100,000	100,000	10 yr Amortization	<u>1,700,000</u>
Community	Parks - Land Acquisition for River Bend Park	0	1,200,000	1,200,000		
Community	Parks - Softball/Baseball Complex - PI	2,800,000	2,800,000	4,000,000		
Education	Education - D-B Excel	4,500,000	0	0		
Education	Education - Joint School Facility Program - (10 yr)**	190,000	190,000	190,000		
Education	Education - School Improvements	1,150,000	1,150,000	1,150,000		
Operations	Engineering - New Building Renovations	500,000	500,000	500,000		
Operations	Equipment (see attached listing) (10 yr)**	500,000	500,000	520,000		
Operations	Streets-Maint Street	0	500,000	500,000		
Operations	Streets - Fort Robinson Bridge Rebuild	200,000	200,000	0		
Operations	Streets - Landfill Cell Construction	1,000,000	1,000,000	1,000,000		
Operations	Streets - Street Resurfacing	2,000,000	3,250,000	1,000,000		
Operations	Streets - Sullivan Street Phase II	1,000,000	1,200,000	1,200,000		
Operations	Streets - Sullivan Street - Church Circle	0	400,000	0		
Operations	Streets - Sullivan Street Phase III	0	2,100,000	0		
Operations	Streets - Tranbarger & Chadwick Site Dist (10 yr)**	100,000	100,000	100,000		
Operations	Transportation - Sidewalk Improvements (10 yr)**	200,000	200,000	180,000		
Public Safety	Fire - Ladder Truck	600,000	600,000	600,000		
Public Safety	Fire - Training Ground	300,000	300,000	300,000		
Public Safety	Police - 800 MHz City Radio System	2,000,000	2,000,000	2,000,000		
Development	Model City Coalition-General Public Improvements	0	0	500,000		
		<u>20,240,000</u>	<u>21,390,000</u>	<u>16,440,000</u>		
	Water - Master Plan Water Upgrades			1,530,000		
	Water - Master Plan Water Upgrades			<u>1,200,000</u>		
				<u>2,730,000</u>		
	Sewer - Colonial Heights Sewer Extensions			4,700,000		
	Sewer - Treatment Plant Equalization Basin			810,000		
	Sewer - Sewer Line Rehabilitations			600,000		
	Sewer - Treatment Plant Motor Control Center Replacement			<u>500,000</u>		
				<u>6,610,000</u>		
	Total Projects			<u><u>25,780,000</u></u>		

City of Kingsport
Equipment for Proposed Bond Issue
August 26, 2014

Fund

	<u>Amount</u>
<u>Solid Waste</u>	
Small Rear Loader-Public Works	100,000
<u>State Street Aid</u>	
Street Lights	45,000
Flashing Yellow Arrow	40,000
Poly Electric Salt Machine-Public Works	12,000
Traffic Equipment	34,000
<u>General Fund</u>	
Forklift-Traffic	25,000
4 whdrive Pickup-Traffic	30,000
Police Cruiser	38,900
2 Cardiac Monitors & 2 Thermo Imaging Cameras	86,000
Ballfield Complex Equipment	72,000
Appliances & Infield Machine	37,100
Total	<u><u>520,000</u></u>

\$8,260,000

City of Kingsport, Tennessee
General Obligation Public Improvement Bonds, Series 2014B
2 Years Deferred Principal

Total Issue Sources And Uses

Dated 09/30/2014 | Delivered 09/30/2014

	Sewer Fund	Water Fund	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$5,845,000.00	\$2,415,000.00	\$8,260,000.00
Reoffering Premium	792,562.55	327,292.95	1,119,855.50
Total Sources	\$6,637,562.55	\$2,742,292.95	\$9,379,855.50
Uses Of Funds			
Deposit to Project Construction Fund	6,610,000.00	2,730,000.00	9,340,000.00
Estimated Costs of Issuance	21,980.67	9,081.83	31,062.50
Rounding Amount	5,581.88	3,211.12	8,793.00
Total Uses	\$6,637,562.55	\$2,742,292.95	\$9,379,855.50

Preliminary

\$8,260,000

City of Kingsport, Tennessee
General Obligation Public Improvement Bonds, Series 2014B
(Water & Sewer Portion)

Debt Service Schedule

Date	Principal	Coupon	Yield	Interest	Total P+I
06/30/2015	-	-		150,874.16	150,874.16
06/30/2016	-	-		359,700.00	359,700.00
06/30/2017	305,000.00	2.000%	0.420%	356,650.00	661,650.00
06/30/2018	310,000.00	3.000%	0.720%	348,950.00	658,950.00
06/30/2019	320,000.00	3.000%	1.010%	339,500.00	659,500.00
06/30/2020	330,000.00	3.000%	1.370%	329,750.00	659,750.00
06/30/2021	340,000.00	3.000%	1.690%	319,700.00	659,700.00
06/30/2022	345,000.00	3.000%	1.970%	309,425.00	654,425.00
06/30/2023	360,000.00	4.000%	2.240%	297,050.00	657,050.00
06/30/2024	375,000.00	4.000%	2.420%	282,350.00	657,350.00
06/30/2025	390,000.00	4.000%	2.520%	267,050.00	657,050.00
06/30/2026	410,000.00	5.000%	2.630%	249,000.00	659,000.00
06/30/2027	430,000.00	5.000%	2.740%	228,000.00	658,000.00
06/30/2028	450,000.00	5.000%	2.820%	206,000.00	656,000.00
06/30/2029	475,000.00	5.000%	2.900%	182,875.00	657,875.00
06/30/2030	500,000.00	5.000%	2.980%	158,500.00	658,500.00
06/30/2031	530,000.00	5.000%	3.270%	132,750.00	662,750.00
06/30/2032	550,000.00	5.000%	3.270%	105,750.00	655,750.00
06/30/2033	580,000.00	5.000%	3.270%	77,500.00	657,500.00
06/30/2034	615,000.00	5.000%	3.270%	47,625.00	662,625.00
06/30/2035	645,000.00	5.000%	3.270%	16,125.00	661,125.00
Total	\$8,260,000.00	-		\$4,765,124.16	\$13,025,124.16

Yield Statistics

Bond Year Dollars	\$100,939.61
Average Life	12.220 Years
Average Coupon	4.7207673%
Net Interest Cost (NIC)	3.6113361%
True Interest Cost (TIC)	3.2825081%
Bond Yield for Arbitrage Purposes	2.7686415%
All Inclusive Cost (AIC)	3.3177895%
IRS Form 8038	
Net Interest Cost	3.1432719%
Weighted Average Maturity	12.364 Years

**CITY OF KINGSPORT, TENNESSEE
FY 2014 – 2015 CAPITAL IMPROVEMENT PROGRAM**

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

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

<u>Service</u>	<u>Provider/Other</u>	<u>Estimated Total⁽¹⁾</u>
Municipal Advisor (the “Financial Advisor”):	Raymond James & Associates, Inc.	\$45,500
Estimated - Bond Counsel:	Adams and Reese LLP	40,000
Rating Agencies:	Moody’s	17,500
	Standard & Poor’s	17,500
POS/OS Publication; Dissemination; Legal Advertising; Printing etc.	I-deal prospectus; TBD contract printer/RJ	2,250
Estimated – Registration and Paying Agent:	Regions Corporate Trust (per issue)	1,000
Other (Estimated):	Miscellaneous	<u>500</u>
Total:		<u>\$124,250</u>

Underwriter’s compensation for the Bonds will be determined at the time of the competitive public sale based on actual bids received. Since we are your Municipal Advisor (“Financial Advisor”), Raymond James will not be a bidder. It is estimated that such compensation will be between \$6.50/\$1,000 to \$8.00/\$1,000* of the final par amount of the Bonds actually issued. We have used the higher number in our pro-forma in order to be conservative.

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

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

* Subject to adjustment and revision based on actual bids received



AGENDA ACTION FORM

Consideration of a Resolution Expressing the Intent of the Board Concerning any Change to the Local Healthcare Systems

To: Board of Mayor and Aldermen
From: Dennis Phillips, Mayor

Action Form No.: AF-248-2014
Work Session: September 2, 2014
First Reading: N/A

Final Adoption: September 2, 2014
Presentation By: Mayor Phillips

Recommendation:
Approve the resolution.

Executive Summary:
This region is served by two exceptional health care systems, community owned, locally governed and committed to providing access to the highest quality care for our citizens. Choices that would end community ownership and local control of our health care systems are being considered. This resolution's purpose is to strongly encourage the Boards of Directors of our local health care systems carefully consider the impact of their decisions on the quality and availability of the comprehensive healthcare services currently accessible in this region, and the economic impact potentially resulting from the loss of local control; and that the boards of directors be strongly encouraged to ensure a transparent process that is accountable to the communities they serve; and that the potential impact of any decision on key stakeholders in this region be considered prior to a final decision.

Attachments:
1. Resolution

	Y	N	O
Clark	—	—	—
George	—	—	—
Hall	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Phillips	—	—	—

RESOLUTION NO. _____

A RESOLUTION EXPRESSING THE INTENT OF THE BOARD
CONCERNING ANY CHANGE TO THE LOCAL HEALTHCARE
SYSTEMS

WHEREAS, this region is served by two exceptional healthcare systems, community owned, locally governed and committed to providing access to the highest quality care for our citizens; and

WHEREAS, choices that would end community ownership and local control of the healthcare systems are being considered; and

WHEREAS, regional access to quality healthcare systems that are responsive to our local population health challenges and focused on clinical excellence is integral to the overall desirability of this region, our ability to attract employers and new investment and to raising the quality of life for our citizens; and

WHEREAS, healthcare is one of the largest provider of jobs in Kingsport and Sullivan County, providing a significant direct impact on the economy of this region; and

WHEREAS, the economic impact of the healthcare systems extends beyond the provision of employment opportunities for our citizens and includes promotion and support of a healthier workforce that makes the region more competitive in attracting investment and job creation; and

WHEREAS, the relationship between East Tennessee State University and each of the healthcare systems contributes greatly to the availability of quality healthcare in this region in part due to the creation and ongoing support for the training and research programs of the Academic Health Sciences Center at ETSU, and such holds tremendous potential to further expand and develop research and academic opportunities.

Now therefore,

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

SECTION I. That the board strongly encourages the boards of directors of the local healthcare systems to carefully consider the impact of their decisions on the quality and availability of the comprehensive healthcare services currently accessible in this region and the economic impact potentially resulting from the loss of local control.

SECTION II. That the board strongly encourages the boards of directors of the local healthcare systems to ensure a transparent process that is accountable to the communities they serve.

SECTION III. That the board strongly encourages the board of directors of the local healthcare systems to carefully consider, prior to a final decision, the potential impact of any decision on key stakeholders in this region.

SECTION IV. That the board finds that the actions authorized by this resolution are for a public purpose and will promote the health, comfort and prosperity of the citizens of the city.

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

ADOPTED this the 2nd day of September, 2014.

DENNIS R. PHILLIPS, MAYOR

ATTEST:

JAMES H. DEMMING, CITY RECORDER

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, CITY ATTORNEY



AGENDA ACTION FORM

Consideration of an Ordinance Amending the Code of Ordinances Deleting the Reference to the Designated Alderman Pertaining to the Disposition of City Owned Real Property

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-231-2014
Work Session: August 18, 2014
First Reading: August 19, 2014

Final Adoption: September 2, 2014
Staff Work By: Jeff Fleming/Jim Demming
Presentation By: Jeff Fleming

Recommendation:

Approve the ordinance.

Executive Summary

The proposed ordinance amends sections 2-569 and 2-570 of the Code of Ordinances by deleting all references to a "designated alderman". Otherwise, except for some minor changes and editing for clarification, the sections remain unaltered. In addition to the proposed ordinance a copy of the current code sections showing the changes using the tracking feature in Word are attached for your review.

Eliminating the designated alderman should streamline the disposal process.

Attachments:

- 1. Ordinance
- 2. Copy of Sections 2-569 and 2-570 with changes shown

	Y	N	O
Clark	—	—	—
George	—	—	—
Hall	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Phillips	—	—	—



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George	—	—	—
Hall	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Phillips	—	—	—

PRE-FILED CITY RECORDER

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE CODE OF ORDINANCES, CITY OF KINGSPORT, SECTION 2-569 PERTAINING TO GENERAL PROCEDURE FOR DISPOSITION OF CITY-OWNED PROPERTY AND SECTION 2-570 PERTAINING TO PROCEDURE FOR DISPOSAL OF REAL PROPERTY BY, AMONG OTHER THINGS, DELETING THE REFERENCE TO THE DESIGNATED ALDERMAN IN THOSE SECTIONS; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

BE IT ORDAINED BY THE CITY OF KINGSPORT as follows:

SECTION I. That Section 2-569 of the Code of Ordinances, City of Kingsport, Tennessee, is hereby amended to read as follows:

Sec. 2-569. General procedure for disposition of city-owned property.

Excess, obsolete or unused real or personal property of the city is declared to be surplus and shall be dealt with in accordance with the following:

(1) Whenever the head of any department, other than the department of education, determines that real or personal property used by or under the control of that department is no longer needed or suited for its purposes, such property shall be transferred to the custody of the city recorder.

(2) Whenever the board of education determines that real or personal property under its control is no longer suited or needed for school purposes, the board of education shall so declare and shall transfer the property to the custody of the city recorder.

(3) The insurance, maintenance and repairs to any such property transferred to the custody of the city recorder shall continue to be paid out of the budget appropriation of the transferring department until the end of the fiscal year in which the transfer takes place or until the appropriation for such purposes has been transferred to the department of finance or other transferee department.

(4) Except for personal property determined by the city recorder to be of nominal value or which is considered refuse the city recorder shall make all such property available to all departments of the city and shall affect the transfer of such property to the department requesting its use.

(5) When such property is not required by any city department, the city recorder may proceed to dispose of such property in accordance with section 2-570 or 2-571, whichever is applicable, and any rules and procedures for disposition of the property not inconsistent therewith.

(6) The proceeds from the disposition of such property shall be credited to the general fund to be appropriated and expended in accordance with the programs and budgets submitted to and approved by the board of mayor and alderman. However, where state or federal regulations require the disposition of the proceeds to another fund or when any such property purchased or held by a bond or other special fund is disposed of, the proceeds from such disposition shall be credited to the unappropriated bond fund or other special fund.

(7) The purchaser or grantee of such property disposed of or conveyed by the city shall bear all expenses of the transfer, including the appraisals, costs of sale and recording fees, except when the property has only nominal value or the transfer is initiated by the city.

(8) Such property may also be leased under such terms and conditions as may be negotiated by the city recorder, which lease shall be subject to the final approval of the board of mayor and aldermen.

(9) Nothing contained in this division shall prohibit the mutual exchange of such property, except as otherwise prohibited by law, when, in the opinion of the city recorder, and if required by this article, after an appraisal to determine the value of the respective properties considered for exchange, such an exchange is deemed to be in the best interests of the city. Such exchange shall also be subject to final approval by the board of mayor and aldermen.

SECTION II. That Section 2-570 of the Code of Ordinances, City of Kingsport, Tennessee, is hereby amended to read as follows:

Sec. 2-570. Procedures for disposal-Real property.

The procedure for the disposal or sale of real property, after the determination by the city recorder that the property is not needed by any other city department, shall be as follows:

(1) If the city recorder finds the surplus real property is only of nominal value, he may waive the requirement for an appraisal, and may dispose of such property subject to final approval of the board of mayor and aldermen, without the necessity of payment to the city, except as otherwise required. The finding shall be in writing and filed with the board of mayor and aldermen.

(2) If, in the opinion of the city recorder, the value of the surplus property would be less than the cost of an appraisal and disposal is for the convenience of the city, he may waive the requirement for an appraisal, and the city recorder may dispose of such property. The finding shall be in writing and filed with the board of mayor and aldermen.

(3) Except when the requirement for an appraisal is waived by the board of mayor and aldermen or as otherwise provided in subsections (1) and (2) of this section or, the city recorder shall have the property appraised by one or more qualified real estate appraisers. The name of the appraiser shall be kept on file in the office of the city recorder; provided, however, the board of mayor and aldermen may waive this requirement and dispose of such property as it determines is in the best interest of the city.

(4) If, in the opinion of the city recorder, the value of the property is \$5,000.00 or more, the city recorder shall:

- a. Advertise the property for sale in a newspaper of general circulation in the city and receive sealed bids thereon;
- b. Offer the property for sale at public auction; or
- c. Conduct such other manner of disposition as, in the discretion of the city recorder or the board of mayor and aldermen, may be appropriate under the circumstances, including a private sale.

If sealed bids are taken, the bids received, together with the reports of the appraiser, if any, shall be submitted to the city recorder for consideration, or, if the property is offered for public sale at public auction, the highest bid, the number of bidders, the reports of the appraiser and such other information as may be pertinent shall be reported to the city recorder. The city recorder shall consider all bids received or such other offers as may be appropriate under the circumstances. After determining which offer is fair and adequate and in the best interest of the city, the city recorder shall make a recommendation to the board of mayor and aldermen. The board of mayor and aldermen may approve, reject or defer the sale and, if approved, shall authorize the mayor to execute a deed or other instrument of conveyance upon the successful purchaser complying with the terms of the bid or offer made.

(5) The city manager shall take appropriate steps to record in the appropriate county register's office any instrument of conveyance authorized in this section.

(6) Notwithstanding anything in this section to the contrary the board of mayor and aldermen may waive any requirement or provision herein and dispose of the property as it determines is in the best interest of the city.

SECTION III. 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 _____

PASSED ON 2ND READING _____

Copy of code section with changes made by the ordinance shown

Sec. 2-569. General procedure for disposition of city-owned property.

Excess, obsolete or unused real or personal property of the city is declared to be surplus and shall be dealt with in accordance with the following:

- (1) Whenever the head of any department, other than the department of education, determines that real or personal property used by or under the control of that department is no longer needed or suited for its purposes, such property shall be transferred to the custody of the city recorder.
- (2) Whenever the board of education determines that real or personal property under its control is no longer suited or needed for school purposes, the board of education shall so declare and shall transfer the property to the custody of the city recorder.
- (3) The insurance, maintenance and repairs to any such property transferred to the custody of the city recorder shall continue to be paid out of the budget appropriation of the transferring department until the end of the fiscal year in which the transfer takes place or until the appropriation for such purposes has been transferred to the department of finance or other transferee department.
- (4) Except for personal property determined by the city recorder to be of nominal value or which is considered refuse the city recorder shall make all such property available to all departments of the city and shall affect the transfer of such property to the department requesting its use.
- (5) When such property is not required by any city department, the city recorder ~~or designated alderman, as appropriate,~~ may proceed to dispose of such property in accordance with section 2-570 or 2-571, whichever is applicable, and any rules and procedures for disposition of the property not inconsistent therewith.
- (6) The proceeds from the disposition of such property shall be credited to the general fund to be appropriated and expended in accordance with the programs and budgets submitted to and approved by the board of mayor and alderman. However, where state or federal regulations require the disposition of the proceeds to another fund or when any such property purchased or held by a bond or other special fund is disposed of, the proceeds from such disposition shall be credited to the unappropriated bond fund or other special fund.
- (7) The purchaser or grantee of such property disposed of or conveyed by the city shall bear all expenses of the transfer, including the appraisals, costs of sale and recording fees, except when the property has only nominal value or the transfer is initiated by the city.
- (8) Such property may also be leased under such terms and conditions as may be negotiated by the city recorder ~~or designated alderman,~~ which lease, ~~in the case of real estate,~~ shall be subject to the final approval of the board of mayor and aldermen.
- (9) Nothing contained in this division shall prohibit the mutual exchange of such property, except as otherwise prohibited by law, when, in the opinion of the city recorder ~~or designated alderman,~~ and if required by this article, after an appraisal to determine the value of the respective properties considered for exchange, such an exchange is deemed to be in the best interests of the city. Such exchange, ~~in the case of real estate,~~ shall also be subject to final approval by the board of mayor and aldermen.

Sec. 2-570. Procedures for disposal—Real property.

The procedure for the disposal or sale of real property, after the determination by the city recorder that the property is not needed by any other city department, shall be as follows:

- ~~(1) The board of mayor and aldermen shall delegate to an alderman, who shall be appointed as set out in this section, the authority to dispose of surplus real property subject to final approval by the board of mayor and aldermen. The alderman shall be referred to as the "designated alderman."~~

- (2) ~~The designated alderman shall be appointed by ordinance and shall serve for a term of two years.~~
- (31) If the city recorder finds the surplus real property is only of nominal value, he may waive the requirement for an appraisal; and ~~the designated alderman~~ may dispose of such property subject to final approval of the board of mayor and aldermen, without the necessity of payment to the city, except as otherwise required. The finding shall be in writing and filed with the board of mayor and aldermen.
- (42) If, in the opinion of the city recorder, the value of the surplus property would be less than the cost of an appraisal and disposal is for the convenience of the city, he may waive the requirement for an appraisal; and ~~the city recorder~~~~the designated alderman~~ may dispose of such property. The finding shall be in writing and filed with the board of mayor and aldermen.
- (53) Except when the requirement for an appraisal is waived by the board of mayor and aldermen or as otherwise. The city recorder shall, except as provided in subsections (13) and (24) of this section, the city recorder shall have the property appraised by one or more qualified real estate appraisers. The name of the appraiser shall be kept on file in the office of the city recorder; provided, however, the board of mayor and alderman may waive this requirement and dispose of such property as it determines is in the best interest of the city.
- (64) If, in the opinion of the city recorder, the value of the property is \$5,000.00 or more, the city recorder shall:
- a. Advertise the property for sale in a newspaper of general circulation in the city and receive sealed bids thereon;
 - b. Offer the property for sale at public auction; or
 - c. Conduct such other manner of disposition as, in the discretion of the city recorder or the board of mayor and aldermen~~designated alderman~~, may be appropriate under the circumstances, including a private sale.

If sealed bids are taken, the bids received, together with the reports of the appraiser, if any, shall be submitted to the city recorder~~designated aldermen~~ for consideration, or, if the property is offered for public sale at public auction, the highest bid, the number of bidders, the reports of the appraiser and such other information as may be pertinent shall be reported to the city recorder~~designated alderman~~. The city recorder~~designated alderman~~ shall consider all bids received or such other offers as may be appropriate under the circumstances. After determining which offer is fair and adequate and in the best interest of the city, the city recorder shall make a recommendation to the board of mayor and aldermen. the designated alderman may dispose of such property subject to final approval of the board of mayor and aldermen. The board of mayor and aldermen may approve, reject or defer the sale and, if approved, shall authorize the mayor to execute a deed or other instrument of conveyance upon the successful purchaser complying with the terms of the bid or offer made.

- (57) The city manager shall take appropriate steps to record in the appropriate county register's office any instrument of conveyance authorized in this section.
- (86) Notwithstanding anything in this section to the contrary the board of mayor and aldermen may waive any requirement or provision herein and dispose of the property as it determines is in the best interest of the city.



AGENDA ACTION FORM

Consideration of an Ordinance Appropriating Funds Received from the Tennessee Arts Commission Arts Builds Communities Grant and Arts Project Support Grant and from the Tennessee Department of Agriculture

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-233-2014
Work Session: August, 18, 2014
First Reading: August 19, 2014

Final Adoption: **September 2, 2014**
Staff Work By: B. Macdonald/J. Smith
Presentation By: J. Smith/M. Baker

Recommendation:

Approve the ordinance

Executive Summary:

Funds from the Tennessee Arts Commission will be used by the Kingsport Office of Cultural Arts to offer artisan classes and workshops and for artist outreach at the Farmers Market. These grants require 1:1 match found in the FY15 Operating Budget. Funds from the Department of Agriculture will be used for marketing materials for the Kingsport Farmers Market; there is no match required.

Funds (\$7,140) from the Tennessee Arts Commission should be appropriated to 110-4505-471.20-20

Funds (\$1,000) from the Tennessee Department of Agriculture should be appropriated to 110-4511-471.20-20

Attachments:

- 1. Ordinance

Funding source appropriate and funds are available: js

	Y	N	O
Clark	—	—	—
George	—	—	—
Hall	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Phillips	—	—	—



AGENDA ACTION FORM

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Approve the ordinance

Executive Summary:

Funds from the Tennessee Arts Commission will be used by the Kingsport Office of Cultural Arts to offer artisan classes and workshops and for artist outreach at the Farmers Market. These grants require 1:1 match found in the FY15 Operating Budget. Funds from the Department of Agriculture will be used for marketing materials for the Kingsport Farmers Market; there is no match required.

Funds (\$7,140) from the Tennessee Arts Commission should be appropriated to 110-4505-471.20-20

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Attachments:

- 1. Ordinance

Funding source appropriate and funds are available: 

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Clark	—	—	—
George	—	—	—
Hall	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Phillips	—	—	—

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE GENERAL FUND BUDGETS BY APPROPRIATING GRANT FUNDS RECEIVED FROM THE TENNESSEE ARTS COMMISSION AND TENNESSEE DEPARTMENT OF AGRICULTURE FOR THE YEAR ENDING JUNE 30, 2015; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

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

SECTION I. That the General Fund Cultural Arts operating budget be amended by appropriating grant funds received from the Tennessee Arts Commission in the amount of \$7,140 to be used to offer artisan classes and workshops and for artist outreach at the Farmer's Market. These funds are a 1:1 match and provided for in the FY15 operating budget.

SECTION II. That the General Fund Farmer's Market operating budget be amended by appropriating funds received from the Tennessee Department of Agriculture in the amount of \$1,000 for marketing materials. No match is required for this grant.

<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	\$ 0	\$ 7,140	\$ 7,140
110-0000-332-6100 TN. Dept. of Agriculture	0	1,000	1,000
Totals:	0	8,140	8,140
Expenditures:			
110-4505-471-2020 Professional Consultant	\$ 23,000	\$ 7,140	\$ 30,140
110-4511-471-2020 Professional Consultant	6,000	1,000	7,000
Totals:	29,000	8,140	37,140

SECTION III. 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:

ANGIE MARSHALL
Deputy City Recorder

J. MICHAEL BILLINGSLEY, City Attorney

PASSED ON 1ST READING: _____

PASSED ON 2ND READING: _____