

COUNTY COMMISSION-REGULAR SESSION

DECEMBER 15, 2014

BE IT REMEMBERED THAT:

COUNTY COMMISSION MET PURSUANT TO ADJOURNMENT IN REGULAR SESSION OF THE SULLIVAN COUNTY BOARD OF COMMISSIONERS THIS MONDAY MORNING, DECEMBER 15, 2014, 9:00 A.M. IN BLOUNTVILLE, TENNESSEE. PRESENT AND PRESIDING WAS HONORABLE RICHARD VENABLE, COUNTY CHAIRMAN, JEANIE GAMMON, COUNTY CLERK OF SAID BOARD OF COMMISSIONERS,

TO WIT:

The Commission was called to order by County Chairman Richard Venable. Sheriff Wayne Anderson opened the commission and Comm. Kit McGlothlin gave the invocation. The pledge to the flag was led by Sheriff Anderson.

COMMISSIONERS PRESENT AND ANSWERING ROLL WERE AS FOLLOWS:

MARK BOWERY	DARLENE CALTON
MICHAEL B COLE	JOHN CRAWFORD
JOHN GARDNER	SHERRY GREENE GRUBB
ANDY HARE	TERRY HARKLEROAD
MACK HARR	JOE HERRON
BAXTER HOOD	DENNIS L HOUSER
	BILL KILGORE
KIT MCGLOTHLIN	RANDY MORRELL
BOB NEAL	BOBBY RUSSELL, JR.
CHERYL RUSSELL	PATRICK W SHULL
ANGIE STANLEY	MARK VANCE
R. BOB WHITE	EDDIE WILLIAMS

23 PRESENT 1 ABSENT (ABSENT-JOHNSON)

The following pages indicates the action taken by the Commission on re-zoning requests, approval of notary applications and personal surety bonds, motions, resolutions and other matters subject to the approval of the Board of Commissioners.

Motion was made by Comm. Morrell and seconded by Comm. Harr and Crawford to approve the minutes of the November 17, 2014 Regular Session. Said motion was approved by voice vote.

Confirmation of Appointments

Pre-Hospital Care Committee

Cheryl Russell

APPROVED 12-15-14 Voice Vote

Agriculture Extension Committee

Mack Harr

APPROVED 12-15-14 Voice Vote

Director of Schools
Dr. Jubal C. Yennie

Assistant Director of Schools
Dr. David Timbs



Board of Education
Dan Wells, Chairman
Jack Bales, Vice-Chairman
Todd Broughton
Betty Combs
Jerry Greene
Michael Hughes
Randall Jones

P.O. Box 306, Blountville, Tennessee 37617 · Phone: (423) 354-1000 · Fax: (423) 354-1004

December 1, 2014

Ms. Sandra Thompson
Director of the Office of State and Local Finance
Suite 1600 James K. Polk State Office Building
505 Deaderick Street
Nashville, Tennessee 37243-1402

Dear Director Thompson:

The intent of this letter is to formally respond to the considerations brought forth in your letter to the Sullivan County Mayor and Commission dated October 3, 2014.

In your correspondence you noted that our General Purpose School Fund, School Federal Projects Fund, Central Cafeteria Fund, Discovery Academy Fund, and Rural Debt Service Fund are all projected to end the year "with fund balances that cover less than one month's expenditures." The Board's response to each of these is as follows:

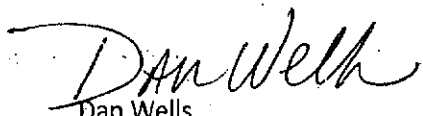
- **General Purpose School Fund:** The projected ending fund balance for the GPS Fund as reflected in Table 1 of your letter meets the 3% requirement set forth in TCA 49-3-352. While the Board would like the fund balance of the GPS Fund to be greater, and we acknowledge the current balance may not be sufficient to cover a month's expenditures, it does satisfy state law, as well as our County Commission, the body responsible for establishing the tax rate for the services provided to our citizens. Tax anticipation loans, which are approved by the Office of State and Local Finance, are issued each year in August and repaid in January in order to provide adequate cash flow to cover the monthly expenditures for that period.
- **School Federal Projects Fund:** The purpose of this fund is to account for the federal grants awarded to the school department. The only sources of funding for this fund are federal grants, and a requirement of all these grants is funds must be committed or spent before requesting reimbursement with the only exception being payroll expenditures. Payroll costs make up over 80% of the expenditures for this fund, meaning these funds are received from the State and immediately spent. The remaining 20% of expenditures is spent on contracted services, supplies/materials, and capital. The federal funds to cover these costs cannot be requested until after payment has been made. \$200,000 was permanently transferred from the GPS Fund

to the Federal Projects Fund several years ago to help cash flow these reimbursable transactions. Also, temporary loans from the GPS Fund have been approved by the Office of State and Local Finance and the County Commission to allow for any additional cash flow needed to cover monthly expenditures. These temporary loans must be paid back by the end of the fiscal year. Another requirement of the grants is that almost all transactions be completed by the end of the fiscal year. Due to the nature of this fund, maintaining a fund balance at year end equal to one month's expenditures seems to be an inefficient use of limited resources.

- **Central Cafeteria Fund and Discovery Academy Fund:** These are both new funds in FY2015 which will be used to account for programs the Board requires to be self-sustaining. The Board chose to set up new funds for each of these programs in FY2015 in order to clearly show these support activities are self-funding and not diverting any state and local tax revenues from our K-12 classrooms. Temporary loans from the General Purpose School Fund have been approved by the Office of State and Local Finance and the County Commission to allow for adequate cash flow to cover monthly expenditures. These loans are required to be paid back by year end in order to meet the Board's self-sustaining requirement for these programs. Based on the current year's financial activities, we project the available resources of these funds to grow steadily over time.
- **Rural Debt Service Fund:** The purpose of this fund is simply to service education related long-term debt. Contributions from the General Purpose School Fund are transferred to the Rural Debt Service Fund on a monthly basis to ensure adequate funding is available at the time loan payments are due. This funding system has worked without fail for 12 years.

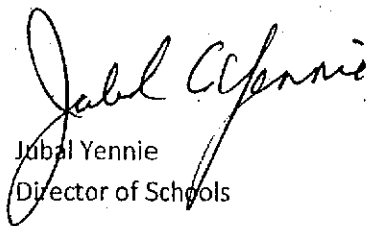
In summary, the Board respects your office's concern over our available fund balances, and plans to continue the practice of operating within the requirements of state law while being as efficient as possible with taxpayer resources.

Sincerely,



Dan Wells

Board Chairman



Jubal Yennie

Director of Schools

Cc: Mr. Jim Arnette, Director of Local Government Audit, COT
Mr. Richard Venable, Honorable County Mayor, Sullivan County
Mr. Larry Bailey, Director of Accounts and Budgets, Sullivan County



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

October 3, 2014

The Honorable County Mayor
and Board of Commissioners of Sullivan County
3411 Highway 126, Suite 206
Blountville, TN 37617

Dear Mayor Godsey and Commissioners:

This letter should be read into the minutes of the next meeting of the County Commission with a copy provided to each commissioner.

This letter acknowledges receipt of a certified copy of the 2015 fiscal year budget.

We have reviewed the budget and have determined that projected revenues and other available funds are sufficient to meet anticipated expenditures. Our review of the budget is based solely on the information we have received and is for determining that the budget appears to be balanced. With regard to programs included in the budget such as education, roads, and corrections, we have not attempted to determine that the local government has complied with specific program statutes or guidelines, or with any financing requirements prescribed by any state or federal agency. A property tax rate may be included in this budget, and we would recommend that local government officials be certain that all program requirements have been met before initiating the tax collection process.

This letter constitutes approval, by this office, for the County's 2015 fiscal year budget as adopted by the Governing Body.

Considerations Concerning the Budget

The Office of State and Local Finance has determined that the County's budget meets basic statutory requirements, but we have detected deficiencies, outlined below, that could possibly lead to financial problems in the future.

Fund Balances for the General Purpose School Fund, School Federal Projects Fund, Central Cafeteria Fund, Discovery Academy Fund, Rural Debt Service Fund, and Health Self-Insurance Fund

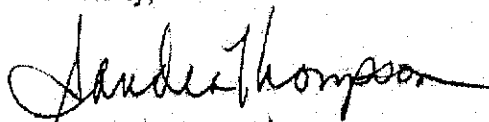
The County's fiscal year 2015 budget projects the General Purpose School Fund, School Federal Projects Fund, Central Cafeteria Fund, Discovery Academy Fund, Rural Debt Service Fund, and Health Self-Insurance Fund to close the year with fund balances that cover less than one month's expenditures. See Table 1 enclosed with this letter for fund balance information.

At this level of spending, the County may not have the necessary operating cash or working capital to sustain the operations of these funds. This situation could lead to a practice of issuing nonconforming tax and revenue anticipation notes or transferring unappropriated monies from another fund. State statutes require the County to maintain a balanced budget on a continuing basis and to only make expenditures if the monies have first been appropriated and cash is available.

The County Commission and School Board (for school funds) should review the working capital requirements for these funds to determine the necessary level of cash needed to sustain their operations. We recommend that the County use the cash flow analysis statement required by our Office for enterprise funds to analyze the actual cash requirements for these funds during the fiscal year 2014 and to project those requirements for the fiscal year 2015. Please send a copy of the results of the analysis to our Office by December 31, 2014, with the County Commission's and School Board's working capital recommendation for the funds.

If you should have any questions regarding this, or if we may be of assistance, please contact us.

Sincerely,



Sandra Thompson
Director of the Office of State and Local Finance

Cc: Mr. Jim Arnette, Director of Local Government Audit, COT
Mr. Larry Bailey, Director of Budget & Accountants, Sullivan County

Enclosure: Table 1 Estimated Beginning and Projected Ending Fund Balances FY 2015 Budget

Table 1
Sullivan County
Estimated Beginning and Projected Ending Fund Balances FY 2015 Budget

Fund	Estimated	Estimated	Projected	Projected	Projected FY 2015 Expenditures	
	Beginning	Beginning	Ending	Ending	1-Month's	1-Month's
	Fund Balance	Fund Balance	Fund Balance	Fund Balance	Average	Average
	July 1, 2014	As % of	June 30, 2015	As % of	Expenditures	Expenditures
		Total Expenditures		Total Expenditures		Total Expenditures
General Purpose School Fund	\$ 5,319,135	7.2%	\$ 10,368,120	3.4%	\$ 6,846,422	8.3%
School Federal Projects Fund	240,518	7.6%	1,001,712	7.6%	504,596	8.3%
Central Cafeteria Fund	-	0.0%	35,000	0.04%	416,094	8.3%
Discovery Academy Fund	-	0.0%	-	0.0%	19,252	8.3%
Rural Debt Service Fund	132,637	6.4%	132,637	6.4%	172,967	8.3%
Health Self-Insurance Fund	-	0.0%	350,697	6.0%	490,775	8.3%

Sullivan County

Office of the County Mayor



*Richard S. Venable
County Mayor*

December 10, 2014

Ms. Sandra Thompson
Director of the Office of State and Local Finance
Suite 1600 James K. Polk State Office Building
505 Deadrick Street
Nashville, Tennessee 37243-1402

Dear Director Thompson:

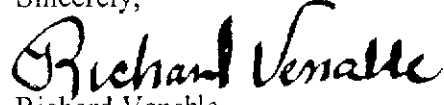
This letter is in response to your letter dated October 3, 2014 expressing concerns regarding the projected ending balances in the 2015 Fiscal Year budget as being too low. Included in these funds are the General Purpose School Fund, School Federal Projects Fund, Central Cafeteria Fund, Discovery Academy Fund, and the Rural Debt Service Fund which are operated directly under the Director of Schools and the School Board. One fund under the direct managements of the County Mayor is the Health Self-Insurance Fund, which we concur that the balance projected is too low for normal operations.

The Health Self-Insurance Fund was established January 1, 2014 to account for the self-insured transactions for county employees. This fund was established under the previous administration and the budget was approved in August by the former administration and Commission. Since entering office, we have been reviewing the status of all funds and their respective operations with particular attention being given to the Health Self-Insurance Fund. As the calendar year draws to an end consistent with the one year contract with our self-insurance carrier and reinsurance provisions of that contract we are evaluating carefully. It is our intent to safeguard the integrity of the financial condition of all funds including the Health Self-Insurance Fund.

Based upon the cash flow analysis enclosed for the Health Self-Insurance Fund, we accept your reference that this fund is not adequately funded and will be addressing this situation as much and as soon as possible within this fiscal year. Your patience will be appreciated. Also enclosed is the School Departments' response/explanation to the school funds set out in your letter. We concur with their comments regarding the school funds and support their efforts

to maintain all funds as sound as possible while not unnecessarily taxing the citizens of Sullivan County.

Sincerely,

A handwritten signature in black ink that reads "Richard Venable". The signature is written in a cursive, flowing style.

Richard Venable
County Mayor

Enclosures (2)

Cc: Mr. Jim Arnette, Director of Local Government Audit, COT
Dr. Jubal Yennie, Director of Schools, Sullivan County
Mr. Dan Wells, Board Chairman, Sullivan County
Mr. Larry G. Bailey, Director of Accounts and Budgets, Sullivan County

HEALTH SELF -INSURANCE FUND

2014 FY

	Expenses						Need =	TRAN Amount=						Total
	JUL	AUG	SEP	OCT	NOV	DEC		JAN	FEB	MAR	APR	MAY	June	
Employee Health			\$ 3,014,522	5% Expenses	\$ 150,726		\$ -	\$ 150,726						
Cash Receipts							\$ 509,331	\$ 506,118	\$ 244,995	\$ 852,408	\$ 426,196	\$ 528,897	\$ 3,067,945	
Loan Proceeds														
Transfers In														
Total Cash Inflows							\$ 509,331	\$ 506,118	\$ 244,995	\$ 852,408	\$ 426,196	\$ 528,897	\$ 3,067,945	
Beg Cash Bal							\$ -	\$ 201,576	\$ 538,674	\$ 158,049	\$ 278,401	\$ 157,366		
Available Cash							\$ 509,331	\$ 707,694	\$ 783,669	\$ 1,010,457	\$ 704,597	\$ 686,264		
Cash Payments							\$ 307,755	\$ 169,020	\$ 625,620	\$ 732,056	\$ 547,231	\$ 632,840	\$ 3,014,522	
Transfers Out														
Total Cash Outflows							\$ 307,755	\$ 169,020	\$ 625,620	\$ 732,056	\$ 547,231	\$ 632,840	\$ 3,014,522	
End Bal							\$ 201,576	\$ 538,674	\$ 158,049	\$ 278,401	\$ 157,366	\$ 53,423		

2015 FY

	Expenses						Need =	TRAN Amount=						Total
	JUL	AUG	SEP	OCT	NOV	DEC		JAN	FEB	MAR	APR	MAY	June	
Employee Health			\$ 3,046,308	5% Expenses	\$ 152,315		\$ 604,215	\$ 756,530						
Cash Receipts	\$ 486,568.78	\$ 494,004.70	\$ 531,926.23	\$ 645,286.51	\$ 252,709.77	\$ 273,389.97							\$ 2,683,886	
Loan Proceeds														
Transfers In														
Total Cash Inflows	\$ 486,569	\$ 494,005	\$ 531,926	\$ 645,287	\$ 252,710	\$ 273,390	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,683,886	
Beg Cash Bal	\$ 53,423	\$ (190,444)	\$ (274,719)	\$ (361,671)	\$ (604,215)	\$ (582,389)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Available Cash	\$ 539,992	\$ 303,561	\$ 257,207	\$ 283,616	\$ (351,505)	\$ (308,999)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Cash Payments	\$ 730,436	\$ 578,280	\$ 618,878	\$ 887,830	\$ 230,884								\$ 3,046,308	
Transfers Out														
Total Cash Outflows	\$ 730,436	\$ 578,280	\$ 618,878	\$ 887,830	\$ 230,884	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,046,308	
End Bal	\$ (190,444)	\$ (274,719)	\$ (361,671)	\$ (604,215)	\$ (582,389)	\$ (308,999)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		



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

December 12, 2014

The Honorable County Mayor
and Board of Commissioners of Sullivan County
3411 Highway 126, Suite 206
Livingston, TN 38570

Dear Mayor Venable and Commissioners:

This letter, reports, and plan of refunding (the "Plan"), are to be posted on the Sullivan County (the "County") website. These documents shall be made available to the public. The same report is to be provided to each Commissioner and reviewed at the public meeting at which the proposed refunding bond resolution will be presented.

This letter acknowledges receipt on December 1, 2014, from the County of a request to review a Plan for the issuance of a maximum \$29,340,000 General Obligation Refunding Bonds, Series 2015 (the "Refunding Bonds") to current refund an estimated:

- \$13,115,000 General Obligation School Refunding Bonds, Series 2005;
- \$4,310,000 General Obligation Refunding Bonds, Series 2005; and

to advance refund:

- \$10,542,215 Capital Lease Loan, Series 2014.

Collectively these are the "Refunded Bonds." Total refunded principal is \$27,967,215.

Pursuant to the provisions of Tennessee Code Annotated Title 9 Chapter 21, a plan must be submitted to our Office for review. The information presented in the Plan includes the assertions of the County and may not reflect either current market conditions or market conditions at the time of sale.

FINANCIAL PROFESSIONALS

The County has reported Stephens, Inc. as its municipal advisor. Municipal advisors have a fiduciary responsibility to the County. Underwriters have no fiduciary responsibility to the County. They represent the interests of their firm and are not required to act in the County's best interest without regard to their own or other interests. The Plan was prepared by the County with the assistance of its municipal advisor.

BALLOON INDEBTEDNESS

The structure of the Refunding Bonds presented in the Plan does not appear to be balloon indebtedness. If the Refunding Bonds' structure is revised, the County should determine if the new structure complies with the requirements of Public Chapter 766 concerning balloon indebtedness. If it is determined that the bond structure constitutes balloon indebtedness, the County must submit a Plan of Balloon Indebtedness to the Director of the Office of State and Local Finance for approval prior to the County adopting the resolution authorizing the issuance of the debt.

COUNTY'S PROPOSED REFUNDING OBJECTIVE

The County indicated its purpose for the refunding is for debt service savings.

COMPLIANCE WITH THE COUNTY'S DEBT MANAGEMENT POLICY

The County provided a copy of its debt management policy, and within forty-five days (45) of issuance of the debt approved in this letter, is required to submit a Report on Debt Obligation that indicates that this debt complies with its debt policy. If the County amends its policy, please submit the amended policy to this office.

REPORT OF THE REVIEW OF A PLAN OF REFUNDING

This letter, report, and the Plan are to be posted on the County's website. The same report is to be provided to each member of the County Commission and reviewed at the public meeting at which the proposed refunding bond resolution will be presented.

The enclosed report does not constitute approval or disapproval for the proposed plan or a determination that a refunding is advantageous or necessary nor that any of the outstanding obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity. This letter and the enclosed report do not address the compliance with federal tax regulations and are not to be relied upon for that purpose. The County should discuss these issues with a bond counsel.

This report is effective for a period of one hundred and twenty (120) days. If the refunding has not been completed during this time, a supplemental plan of refunding must be submitted to this Office. At that time we will issue a report thereon pursuant to the statutes. In lieu of submitting a supplemental plan, a statement may be submitted to our Office after the 120-day period has elapsed stating that the information contained in the current plan of refunding remains valid. Such statement must be submitted by either the Chief Executive Officer or the Chief Financial Officer of

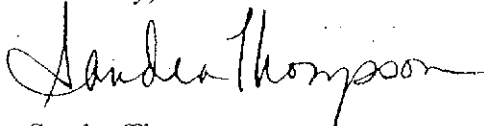
the local government. We will acknowledge receipt of such statement and will issue our letter confirming that this refunding report remains valid for an additional 120-day period. However, with regard to the report currently being issued by this Office, during the initial 120-day period or any subsequent 120-day period no refunding reports will be issued relating to the debt obligations indicated herein as being refunded unless the Chief Executive Officer or the Chief Financial Officer notifies our Office that the plan of refunding which has been submitted is no longer valid.

We recognize that the information provided in the plan submitted to our Office is based on preliminary analysis and estimates, and that actual results will be determined by market conditions at the time of sale of the debt obligations. However, if it is determined prior to the issuance of these obligations that the actual results will be significantly different from the information provided in the plan which has been submitted, and the local government determines to proceed with the issue, our Office should subsequently be notified by either the Chief Executive Officer or the Chief Financial Officer of the local government regarding these differences, and that the local government was aware of the differences and determined to proceed with the issuance of the debt obligations. Notification to our Office will be necessary only if there is an increase or decrease of greater than fifteen percent (15%) in any of the following: (1) the principal amount of the debt obligations issued; (2) the costs of issuance; (3) the cumulative savings or loss with regard to any refunding proposal. We consider this notification necessary to insure that this Office and officials of the local government are aware of any significant changes that occur with regard to the issuance of the proposed indebtedness.

Report on Debt Obligation

We are enclosing State Form CT-0253, Report on Debt Obligation. Pursuant to T.C.A. § 9-21-151, this form is to be completed and filed with the governing body of the County no later than forty-five (45) days after the issuance of this debt, with a copy (including attachments, if any) filed with the Director of the Office of State and Local Finance by mail to the address on this letterhead or by email to stateandlocalfinance.publicdebtform@cot.tn.gov. No public entity may enter into additional debt if it has failed to file the Report on Debt Obligation. A fillable PDF of Form CT-0253 can be found at <http://www.comptroller.tn.gov/sl/pubdebt.asp>.

Sincerely,



Sandra Thompson
Director of the Office of State & Local Finance

Cc: Mr. Jim Arnette, Director of Local Government Audit, COT
Mr. Larry Bailey, Director of Accounts and Budgets, Sullivan County
Mr. Ashley McAnulty, Stephens, Inc.

Enclosures (2): Report of the Director of the Office of State & Local Finance
Report on Debt Obligation

**REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE
CONCERNING THE PROPOSED ISSUANCE OF
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015
SULLIVAN COUNTY, TENNESSEE**

Sullivan County (the "County") submitted a plan of refunding (the "Plan"), as required by T.C.A. § 9-21-903 regarding the issuance of a maximum \$29,340,000 General Obligation Refunding Bonds, Series 2015 (the "Refunding Bonds") to current refund an estimated:

- \$13,115,000 General Obligation School Refunding Bonds, Series 2005;
- \$4,310,000 General Obligation Refunding Bonds, Series 2005; and

to advance refund:

- \$10,542,215 Capital Lease Loan, Series 2014.

Collectively these are the "Refunded Bonds." Total refunded principal is \$27,967,215.

The Plan was prepared with the assistance of the County's municipal advisor, Stephens, Inc. An evaluation of the preparation, support, and underlying assumptions of the Plan has not been performed by this Office. This report provides no assurances of the reasonableness of the underlying assumptions. This report must be presented to the governing body prior to the adoption of a refunding bond resolution. The Refunding Bonds may be issued with a structure different from that of the Plan. The County provided a copy of its debt management policy.

BALLOON INDEBTEDNESS

The structure of the Refunding Bonds presented in the Plan does not appear to be balloon indebtedness. If the Refunding Bonds' structure is revised, the County should determine if the new structure complies with the requirements of Public Chapter 766 concerning balloon indebtedness. If it is determined that the bond structure constitutes balloon indebtedness, the County must submit a Plan of Balloon Indebtedness to the Director of the Office of State and Local Finance for approval prior to the County adopting the resolution authorizing the issuance of the debt.

COUNTY'S PROPOSED REFUNDING OBJECTIVE

The County indicated its purpose for the refunding is for debt service savings.

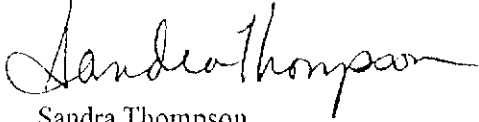
REFUNDING ANALYSIS

- The results of the refunding are based on the assumption that the County will issue \$29,340,000 Refunding Bonds by competitive sale and priced at par. See Table 1 in the attached Exhibit for a Sources and Uses table. The County is contributing \$404,109 from prior issue debt service funds for the transaction. See Table 2 for structure of the Refunding Bonds and Refunded Bonds.
- The estimated net present value savings of the refunding is \$2,241,326 or 8.01% of the refunded principal amount of \$27,967,215.
- The savings are generated by reducing the average coupon of the Refunded Bonds from 4.94% to an average coupon of 2.19% for the Refunding Bonds.
- The final maturity of the Refunding Bonds does not extend beyond the final maturity of the Refunded Bonds.
- Estimated cost of issuance of the Refunding Bonds is \$281,601 or \$9.60 per \$1,000 of par amount. See Table 3 for individual costs of issuance.

The County has identified Stephens, Inc. as its municipal advisor. Municipal advisors have a fiduciary responsibility to you, the issuer. Underwriters have no fiduciary responsibility to you. They represent the interests of their firm.

This report of the Office of State and Local Finance does not constitute approval or disapproval by the Office for the Plan or a determination that a refunding is advantageous or necessary nor that any of the refunded obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity. This report is based on information as presented in the Plan by the County. The assumptions included in the County's Plan may not reflect either current market conditions or market conditions at the time of sale.

If all of the Refunded Bonds are not refunded as a part of the Refunding Bonds, and the County wishes to refund them in a subsequent bond issue, then a new plan will have to be submitted to this Office for review.

A handwritten signature in cursive script that reads "Sandra Thompson". The signature is written in black ink and is positioned above the printed name.

Sandra Thompson
Director of the Office of State and Local Finance
Date: December 12, 2014

Exhibit

**Table 1
Sullivan County
Sources and Uses of Funds
General Obligation County Wide Refunding Bonds, Series 2015**

Sources:

Par Amount Bond Proceeds	\$ 29,340,000.00
Transfers from Prior Issue Debt Service Funds	404,109.44
Total Sources	\$ 29,744,109.44

Uses:

Underwriter's Discount	\$ 146,700.00
Cost of Issuance	134,901.00
Deposit to Net Cash Escrow Fund	29,459,025.70
Rounding Amount	3,482.74
Total Uses	\$ 29,744,109.44

**Table 2
Sullivan County
General Obligation County Wide Refunding Bonds, Series 2015
Refunding Analysis**

YR	FY	<u>Refunding Bonds</u>			<u>Refunded Bonds</u>		
		Principal	Interest	Total	Principal	Interest	Total
1	2015	\$ -	\$ -	\$ -	\$ -	\$ 405,956.25	\$ 405,956.25
2	2016	1,295,000.00	633,963.76	1,928,963.76	1,260,000.00	811,912.50	2,071,912.50
3	2017	2,660,000.00	540,170.00	3,200,170.00	1,819,824.45	1,640,331.67	3,460,156.12
4	2018	2,900,000.00	521,550.00	3,421,550.00	2,576,628.48	1,106,482.62	3,683,111.10
5	2019	2,975,000.00	492,550.00	3,467,550.00	2,735,630.15	994,105.95	3,729,736.10
6	2020	3,055,000.00	453,875.00	3,508,875.00	2,891,238.72	874,622.38	3,765,861.10
7	2021	3,160,000.00	401,940.00	3,561,940.00	3,073,520.38	747,090.72	3,820,611.10
8	2022	3,300,000.00	338,740.00	3,638,740.00	3,292,544.06	607,467.04	3,900,011.10
9	2023	3,420,000.00	262,840.00	3,682,840.00	3,483,381.56	457,529.54	3,940,911.10
10	2024	3,565,000.00	177,340.00	3,742,340.00	3,706,107.58	298,653.52	4,004,761.10
11	2025	1,760,000.00	84,650.00	1,844,650.00	1,820,799.95	128,776.15	1,949,576.10
12	2026	1,250,000.00	36,250.00	1,286,250.00	1,307,539.67	53,871.43	1,361,411.10
		\$ 29,340,000.00	\$ 3,943,868.76	\$ 33,283,868.76	\$ 27,967,215.00	\$ 8,126,799.77	\$ 36,094,014.77

Per \$1,000 of				
<u>Interest Savings</u>	<u>Gross Savings</u>	<u>NPV Savings*</u>	<u>Cost of Issuance</u>	<u>Bond Par Value</u>
\$ 4,182,931.01	\$ 2,409,519.31	\$ 2,241,326	\$ 281,601	\$ 9.60

Note: Net Present Value Savings and Gross Savings include impact of \$404,109 from the use of prior issue debt service funds for the transaction.

Table 3
Sullivan County
Costs of Issuance of Refunding Bonds

	Amount	Price per \$1,000 bond
Underwriter's Discount	\$146,700.00	\$ 5.00
Financial Advisor (Stephens, Inc)	52,000.00	1.77
Bond Counsel (Bass Berry & Sims)	45,000.00	1.53
Credit Rating Agency Fee	25,000.00	0.85
Other Costs	12,901.00	0.44
Total Cost of Issuance	<u>\$281,601.00</u>	<u>\$ 9.60</u>

* Subject to competitive bid



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

December 12, 2014

The Honorable County Mayor
and Board of Commissioners of Sullivan County
3411 Highway 126, Suite 206
Livingston, TN 38570

Dear Mayor Venable and Commissioners:

This letter, report, and plan of refunding (the "Plan"), are to be posted on the Sullivan County (the "County") website. These documents shall be made available to the public. The same report is to be provided to each Commissioner and reviewed at the public meeting at which the proposed refunding bond resolution will be presented.

This letter acknowledges receipt on December 1, 2014, from the County of a request to review a Plan for the issuance of a maximum \$7,550,000 General Obligation County District School Refunding Bonds, Series 2015 (the "Refunding Bonds"), to current refund an estimated \$7,230,000 General Obligation County District School Bonds, Series 2004 (the "Refunded Bonds").

Pursuant to the provisions of Tennessee Code Annotated Title 9 Chapter 21, a plan must be submitted to our Office for review. The information presented in the Plan includes the assertions of the County and may not reflect either current market conditions or market conditions at the time of sale.

FINANCIAL PROFESSIONALS

The County has reported Stephens, Inc. as its municipal advisor. Municipal advisors have a fiduciary responsibility to the County. Underwriters have no fiduciary responsibility to the County. They represent the interests of their firm and are not required to act in the County's best interest without regard to their own or other interests. The Plan was prepared by the County with the assistance of its municipal advisor.

BALLOON INDEBTEDNESS

The structure of the Refunding Bonds presented in the Plan does not appear to be balloon indebtedness. If the Refunding Bonds' structure is revised, the County should determine if the new structure complies with the requirements of Public Chapter 766 concerning balloon indebtedness. If it is determined that the bond structure constitutes balloon indebtedness, the County must submit a Plan of Balloon Indebtedness to the Director of the Office of State and Local Finance for approval prior to the County adopting the resolution authorizing the issuance of the debt.

COUNTY'S PROPOSED REFUNDING OBJECTIVE

The County indicated its purpose for the refunding is for debt service savings.

COMPLIANCE WITH THE COUNTY'S DEBT MANAGEMENT POLICY

The County provided a copy of its debt management policy, and within forty-five days (45) of issuance of the debt approved in this letter, is required to submit a Report on Debt Obligation that indicates that this debt complies with its debt policy. If the County amends its policy, please submit the amended policy to this office.

REPORT OF THE REVIEW OF A PLAN OF REFUNDING

This letter, report, and the Plan are to be posted on the County's website. The same report is to be provided to each member of the County Commission and reviewed at the public meeting at which the proposed refunding bond resolution will be presented.

The enclosed report does not constitute approval or disapproval for the proposed plan or a determination that a refunding is advantageous or necessary nor that any of the outstanding obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity. This letter and the enclosed report do not address the compliance with federal tax regulations and are not to be relied upon for that purpose. The County should discuss these issues with a bond counsel.

This report is effective for a period of one hundred and twenty (120) days. If the refunding has not been completed during this time, a supplemental plan of refunding must be submitted to this Office. At that time we will issue a report thereon pursuant to the statutes. In lieu of submitting a supplemental plan, a statement may be submitted to our Office after the 120-day period has elapsed stating that the information contained in the current plan of refunding remains valid. Such statement must be submitted by either the Chief Executive Officer or the Chief Financial Officer of the local government. We will acknowledge receipt of such statement and will issue our letter confirming that this refunding report remains valid for an additional 120-day period. However, with regard to the report currently being issued by this Office, during the initial 120-day period or any subsequent 120-day period no refunding reports will be issued relating to the debt obligations indicated herein as being refunded unless the Chief Executive Officer or the Chief Financial Officer notifies our Office that the plan of refunding which has been submitted is no longer valid.

We recognize that the information provided in the plan submitted to our Office is based on preliminary analysis and estimates, and that actual results will be determined by market conditions at the time of sale of the debt obligations. However, if it is determined prior to the issuance of these obligations that the actual results will be significantly different from the information provided in the plan which has been submitted, and the local government determines to proceed with the issue, our Office should subsequently be notified by either the Chief Executive Officer or the Chief Financial Officer of the local government regarding these differences, and that the local government was aware of the differences and determined to proceed with the issuance of the debt obligations. Notification to our Office will be necessary only if there is an increase or decrease of greater than fifteen percent (15%) in any of the following: (1) the principal amount of the debt obligations issued; (2) the costs of issuance; (3) the cumulative savings or loss with regard to any refunding proposal. We consider this notification necessary to insure that this Office and officials of the local government are aware of any significant changes that occur with regard to the issuance of the proposed indebtedness.

Report on Debt Obligation

We are enclosing State Form CT-0253, Report on Debt Obligation. Pursuant to T.C.A. § 9-21-151, this form is to be completed and filed with the governing body of the County no later than forty-five (45) days after the issuance of this debt, with a copy (including attachments, if any) filed with the Director of the Office of State and Local Finance by mail to the address on this letterhead or by email to stateandlocalfinance.publicdebtform@cot.tn.gov. No public entity may enter into additional debt if it has failed to file the Report on Debt Obligation. A fillable PDF of Form CT-0253 can be found at <http://www.comptroller.tn.gov/sl/pubdebt.asp>.

Sincerely,



Sandra Thompson
Director of the Office of State & Local Finance

Cc: Mr. Jim Arnette, Director of Local Government Audit, COT
Mr. Larry Bailey, Director of Accounts and Budgets, Sullivan County
Mr. Ashley McAnulty, Stephens, Inc.

Enclosures (2): Report of the Director of the Office of State & Local Finance
Report on Debt Obligation

**REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE
CONCERNING THE PROPOSED ISSUANCE OF
GENERAL OBLIGATION COUNTY DISTRICT SCHOOL REFUNDING BONDS, SERIES 2015
SULLIVAN COUNTY, TENNESSEE**

Sullivan County (the "County") submitted a plan of refunding (the "Plan"), as required by T.C.A. § 9-21-903 regarding the issuance of a maximum \$7,550,000 General Obligation County District School Refunding Bonds, Series 2015 (the "Refunding Bonds"), to current refund an estimated \$7,230,000 General Obligation County District School Bonds, Series 2004 (the "Refunded Bonds").

The Plan was prepared with the assistance of the County's municipal advisor, Stephens, Inc. An evaluation of the preparation, support, and underlying assumptions of the Plan has not been performed by this Office. This report provides no assurances of the reasonableness of the underlying assumptions. This report must be presented to the governing body prior to the adoption of a refunding bond resolution. The Refunding Bonds may be issued with a structure different from that of the Plan. The County provided a copy of its debt management policy.

BALLOON INDEBTEDNESS

The structure of the Refunding Bonds presented in the Plan does not appear to be balloon indebtedness. If the Refunding Bonds' structure is revised, the County should determine if the new structure complies with the requirements of Public Chapter 766 concerning balloon indebtedness. If it is determined that the bond structure constitutes balloon indebtedness, the County must submit a Plan of Balloon Indebtedness to the Director of the Office of State and Local Finance for approval prior to the County adopting the resolution authorizing the issuance of the debt.

COUNTY'S PROPOSED REFUNDING OBJECTIVE

The County indicated its purpose for the refunding is for debt service savings.

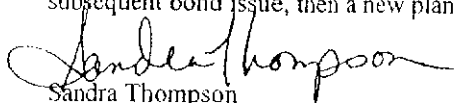
REFUNDING ANALYSIS

- The results of the refunding are based on the assumption that the County will issue \$7,550,000 Refunding Bonds by competitive sale and priced at par. See Table 1 in the attached Exhibit for a Sources and Uses table. The County is contributing \$90,375 from prior issue debt service funds for the transaction. See Table 2 for structure of the Refund Bonds and Refunded Bonds.
- The Refunded Bonds have a call premium of 2.00% of the par amount of \$7,230,000 or \$144,600.
- The estimated net present value savings of the refunding is \$474,104 or 6.56% of the refunded principal amount of \$7,230,000.
- The savings are generated by reducing the average coupon of the Refunded Bonds from 5.00% to an average coupon of 1.00% for the Refunding Bonds.
- The final maturity of the Refunding Bonds does not extend beyond the final maturity of the Refunded Bonds.
- Estimated cost of issuance of the Refunding Bonds is \$83,921 or \$11.12 per \$1,000 of par amount. See Table 3 for individual costs of issuance.

The County has identified Stephens, Inc. as its municipal advisor. Municipal advisors have a fiduciary responsibility to you, the issuer. Underwriters have no fiduciary responsibility to you. They represent the interests of their firm.

This report of the Office of State and Local Finance does not constitute approval or disapproval by the Office for the Plan or a determination that a refunding is advantageous or necessary nor that any of the refunded obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity. This report is based on information as presented in the Plan by the County. The assumptions included in the County's Plan may not reflect either current market conditions or market conditions at the time of sale.

If all of the Refunded Bonds are not refunded as a part of the Refunding Bonds, and the County wishes to refund them in a subsequent bond issue, then a new plan will have to be submitted to this Office for review.



Sandra Thompson

Director of the Office of State and Local Finance

Date: December 12, 2014

Exhibit

Table 1
Sullivan County
Sources and Uses of Funds
County District School Refunding Bonds, Series 2015

Sources:

Par Amount Bond Proceeds	\$	7,550,000.00
Transfers from Prior Issue Debt Service Funds		90,375.00
Total Sources	\$	7,640,375.00

Uses:

Underwriter's Discount	\$	37,750.00
Cost of Issuance		46,171.00
Deposit to Net Cash Escrow Fund		7,554,989.86
Rounding Amount		1,464.14
Total Uses	\$	7,640,375.00

Table 2
Sullivan County
County District School Refunding Bonds, Series 2015
Refunding Analysis

YR	FY	Refunding Bonds			Refunded Bonds		
		Principal	Interest	Total	Principal	Interest	Total
1	2015	\$ -	\$ -	\$ -	\$ -	\$ 180,750.00	\$ 180,750.00
2	2016	1,865,000.00	75,927.96	1,940,927.96	1,680,000.00	361,500.00	2,041,500.00
3	2017	1,870,000.00	57,000.00	1,927,000.00	1,750,000.00	277,500.00	2,027,500.00
4	2018	1,895,000.00	43,910.00	1,938,910.00	1,850,000.00	190,000.00	2,040,000.00
5	2019	1,920,000.00	24,960.00	1,944,960.00	1,950,000.00	97,500.00	2,047,500.00
		\$ 7,550,000.00	\$ 201,797.96	\$ 7,751,797.96	\$ 7,230,000.00	\$ 1,107,250.00	\$ 8,337,250.00

				Per \$1,000 of	
Interest Savings	Gross Savings	NPV Savings*	Cost of Issuance	Bond Par Value	
\$ 905,452.04	\$ 2,409,519.31	\$ 474,103.72	\$83,921	\$11.12	

Note: Net Present Value Savings and Gross Savings include impact of \$90,375 from the use of prior issue debt service funds for the transaction.

Table 3
Sullivan County
Costs of Issuance of Refunding Bonds

	Amount	Price per \$1,000 bond
Underwriter's Discount	\$ 37,750.00	\$ 5.00
Financial Advisor (Stephens, Inc)	14,500.00	1.92
Bond Counsel (Bass Berry & Sims)	12,000.00	1.59
Credit Rating Agency Fee	13,000.00	1.72
Other Costs	6,671.00	0.88
Total Cost of Issuance	<u>\$ 83,921.00</u>	<u>\$ 11.12</u>

* Subject to competitive bid



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

December 12, 2014

The Honorable County Mayor
and Board of Commissioners of Sullivan County
3411 Highway 126, Suite 206
Livingston, TN 38570

Dear Mayor Venable and Commissioners:

This letter, report, and plan of refunding (the "Plan"), are to be posted on the Sullivan County (the "County") website. These documents shall be made available to the public. The same report is to be provided to each Commissioner and reviewed at the public meeting at which the proposed refunding bond resolution will be presented.

This letter acknowledges receipt on December 1, 2014, from the County of a request to review a Plan for the issuance of a maximum \$7,550,000 General Obligation County District School Refunding Bonds, Series 2015 (the "Refunding Bonds"), to current refund an estimated \$7,230,000 General Obligation County District School Bonds, Series 2004 (the "Refunded Bonds").

Pursuant to the provisions of Tennessee Code Annotated Title 9 Chapter 21, a plan must be submitted to our Office for review. The information presented in the Plan includes the assertions of the County and may not reflect either current market conditions or market conditions at the time of sale.

FINANCIAL PROFESSIONALS

The County has reported Stephens, Inc. as its municipal advisor. Municipal advisors have a fiduciary responsibility to the County. Underwriters have no fiduciary responsibility to the County. They represent the interests of their firm and are not required to act in the County's best interest without regard to their own or other interests. The Plan was prepared by the County with the assistance of its municipal advisor.

BALLOON INDEBTEDNESS

The structure of the Refunding Bonds presented in the Plan does not appear to be balloon indebtedness. If the Refunding Bonds' structure is revised, the County should determine if the new structure complies with the requirements of Public Chapter 766 concerning balloon indebtedness. If it is determined that the bond structure constitutes balloon indebtedness, the County must submit a Plan of Balloon Indebtedness to the Director of the Office of State and Local Finance for approval prior to the County adopting the resolution authorizing the issuance of the debt.

COUNTY'S PROPOSED REFUNDING OBJECTIVE

The County indicated its purpose for the refunding is for debt service savings.

COMPLIANCE WITH THE COUNTY'S DEBT MANAGEMENT POLICY

The County provided a copy of its debt management policy, and within forty-five days (45) of issuance of the debt approved in this letter, is required to submit a Report on Debt Obligation that indicates that this debt complies with its debt policy. If the County amends its policy, please submit the amended policy to this office.

REPORT OF THE REVIEW OF A PLAN OF REFUNDING

This letter, report, and the Plan are to be posted on the County's website. The same report is to be provided to each member of the County Commission and reviewed at the public meeting at which the proposed refunding bond resolution will be presented.

The enclosed report does not constitute approval or disapproval for the proposed plan or a determination that a refunding is advantageous or necessary nor that any of the outstanding obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity. This letter and the enclosed report do not address the compliance with federal tax regulations and are not to be relied upon for that purpose. The County should discuss these issues with a bond counsel.

This report is effective for a period of one hundred and twenty (120) days. If the refunding has not been completed during this time, a supplemental plan of refunding must be submitted to this Office. At that time we will issue a report thereon pursuant to the statutes. In lieu of submitting a supplemental plan, a statement may be submitted to our Office after the 120-day period has elapsed stating that the information contained in the current plan of refunding remains valid. Such statement must be submitted by either the Chief Executive Officer or the Chief Financial Officer of the local government. We will acknowledge receipt of such statement and will issue our letter confirming that this refunding report remains valid for an additional 120-day period. However, with regard to the report currently being issued by this Office, during the initial 120-day period or any subsequent 120-day period no refunding reports will be issued relating to the debt obligations indicated herein as being refunded unless the Chief Executive Officer or the Chief Financial Officer notifies our Office that the plan of refunding which has been submitted is no longer valid.

We recognize that the information provided in the plan submitted to our Office is based on preliminary analysis and estimates, and that actual results will be determined by market conditions at the time of sale of the debt obligations. However, if it is determined prior to the issuance of these obligations that the actual results will be significantly different from the information provided in the plan which has been submitted, and the local government determines to proceed with the issue, our Office should subsequently be notified by either the Chief Executive Officer or the Chief Financial Officer of the local government regarding these differences, and that the local government was aware of the differences and determined to proceed with the issuance of the debt obligations. Notification to our Office will be necessary only if there is an increase or decrease of greater than fifteen percent (15%) in any of the following: (1) the principal amount of the debt obligations issued; (2) the costs of issuance; (3) the cumulative savings or loss with regard to any refunding proposal. We consider this notification necessary to insure that this Office and officials of the local government are aware of any significant changes that occur with regard to the issuance of the proposed indebtedness.

Report on Debt Obligation

We are enclosing State Form CT-0253, Report on Debt Obligation. Pursuant to T.C.A. § 9-21-151, this form is to be completed and filed with the governing body of the County no later than forty-five (45) days after the issuance of this debt, with a copy (including attachments, if any) filed with the Director of the Office of State and Local Finance by mail to the address on this letterhead or by email to stateandlocalfinance.publicdebtform@cot.tn.gov. No public entity may enter into additional debt if it has failed to file the Report on Debt Obligation. A fillable PDF of Form CT-0253 can be found at <http://www.comptroller.tn.gov/sl/pubdebt.asp>.

Sincerely,



Sandra Thompson
Director of the Office of State & Local Finance

Cc: Mr. Jim Arnette, Director of Local Government Audit, COT
Mr. Larry Bailey, Director of Accounts and Budgets, Sullivan County
Mr. Ashley McAnulty, Stephens, Inc.

Enclosures (2): Report of the Director of the Office of State & Local Finance
Report on Debt Obligation

**REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE
CONCERNING THE PROPOSED ISSUANCE OF
GENERAL OBLIGATION COUNTY DISTRICT SCHOOL REFUNDING BONDS, SERIES 2015
SULLIVAN COUNTY, TENNESSEE**

Sullivan County (the "County") submitted a plan of refunding (the "Plan"), as required by T.C.A. § 9-21-903 regarding the issuance of a maximum \$7,550,000 General Obligation County District School Refunding Bonds, Series 2015 (the "Refunding Bonds"), to current refund an estimated \$7,230,000 General Obligation County District School Bonds, Series 2004 (the "Refunded Bonds").

The Plan was prepared with the assistance of the County's municipal advisor, Stephens, Inc. An evaluation of the preparation, support, and underlying assumptions of the Plan has not been performed by this Office. This report provides no assurances of the reasonableness of the underlying assumptions. This report must be presented to the governing body prior to the adoption of a refunding bond resolution. The Refunding Bonds may be issued with a structure different from that of the Plan. The County provided a copy of its debt management policy.

BALLOON INDEBTEDNESS

The structure of the Refunding Bonds presented in the Plan does not appear to be balloon indebtedness. If the Refunding Bonds' structure is revised, the County should determine if the new structure complies with the requirements of Public Chapter 766 concerning balloon indebtedness. If it is determined that the bond structure constitutes balloon indebtedness, the County must submit a Plan of Balloon Indebtedness to the Director of the Office of State and Local Finance for approval prior to the County adopting the resolution authorizing the issuance of the debt.

COUNTY'S PROPOSED REFUNDING OBJECTIVE

The County indicated its purpose for the refunding is for debt service savings.

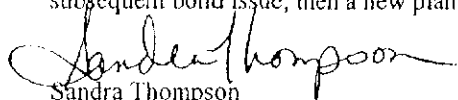
REFUNDING ANALYSIS

- The results of the refunding are based on the assumption that the County will issue \$7,550,000 Refunding Bonds by competitive sale and priced at par. See Table 1 in the attached Exhibit for a Sources and Uses table. The County is contributing \$90,375 from prior issue debt service funds for the transaction. See Table 2 for structure of the Refund Bonds and Refunded Bonds.
- The Refunded Bonds have a call premium of 2.00% of the par amount of \$7,230,000 or \$144,600.
- The estimated net present value savings of the refunding is \$474,104 or 6.56% of the refunded principal amount of \$7,230,000.
- The savings are generated by reducing the average coupon of the Refunded Bonds from 5.00% to an average coupon of 1.00% for the Refunding Bonds.
- The final maturity of the Refunding Bonds does not extend beyond the final maturity of the Refunded Bonds.
- Estimated cost of issuance of the Refunding Bonds is \$83,921 or \$11.12 per \$1,000 of par amount. See Table 3 for individual costs of issuance.

The County has identified Stephens, Inc. as its municipal advisor. Municipal advisors have a fiduciary responsibility to you, the issuer. Underwriters have no fiduciary responsibility to you. They represent the interests of their firm.

This report of the Office of State and Local Finance does not constitute approval or disapproval by the Office for the Plan or a determination that a refunding is advantageous or necessary nor that any of the refunded obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity. This report is based on information as presented in the Plan by the County. The assumptions included in the County's Plan may not reflect either current market conditions or market conditions at the time of sale.

If all of the Refunded Bonds are not refunded as a part of the Refunding Bonds, and the County wishes to refund them in a subsequent bond issue, then a new plan will have to be submitted to this Office for review.



Sandra Thompson

Director of the Office of State and Local Finance

Date: December 12, 2014

Exhibit

**Table 1
Sullivan County
Sources and Uses of Funds
County District School Refunding Bonds, Series 2015**

Sources:

Par Amount Bond Proceeds	\$ 7,550,000.00
Transfers from Prior Issue Debt Service Funds	90,375.00
Total Sources	\$ 7,640,375.00

Uses:

Underwriter's Discount	\$ 37,750.00
Cost of Issuance	46,171.00
Deposit to Net Cash Escrow Fund	7,554,989.86
Rounding Amount	1,464.14
Total Uses	\$ 7,640,375.00

**Table 2
Sullivan County
County District School Refunding Bonds, Series 2015
Refunding Analysis**

YR	FY	Refunding Bonds			Refunded Bonds		
		Principal	Interest	Total	Principal	Interest	Total
1	2015	\$ -	\$ -	\$ -	\$ -	\$ 180,750.00	\$ 180,750.00
2	2016	1,865,000.00	75,927.96	1,940,927.96	1,680,000.00	361,500.00	2,041,500.00
3	2017	1,870,000.00	57,000.00	1,927,000.00	1,750,000.00	277,500.00	2,027,500.00
4	2018	1,895,000.00	43,910.00	1,938,910.00	1,850,000.00	190,000.00	2,040,000.00
5	2019	1,920,000.00	24,960.00	1,944,960.00	1,950,000.00	97,500.00	2,047,500.00
		\$ 7,550,000.00	\$ 201,797.96	\$ 7,751,797.96	\$ 7,230,000.00	\$ 1,107,250.00	\$ 8,337,250.00

Interest Savings	Gross Savings	NPV Savings*	Cost of Issuance	Per \$1,000 of Bond Par Value
\$ 905,452.04	\$ 2,409,519.31	\$ 474,103.72	\$ 83,921	\$ 11.12

Note: Net Present Value Savings and Gross Savings include impact of \$90,375 from the use of prior issue debt service funds for the transaction.

Table 3
Sullivan County
Costs of Issuance of Refunding Bonds

	Amount	Price per \$1,000 bond
Underwriter's Discount	\$ 37,750.00	\$ 5.00
Financial Advisor (Stephens, Inc)	14,500.00	1.92
Bond Counsel (Bass Berry & Sims)	12,000.00	1.59
Credit Rating Agency Fee	13,000.00	1.72
Other Costs	6,671.00	0.88
Total Cost of Issuance	<u>\$ 83,921.00</u>	<u>\$ 11.12</u>

* Subject to competitive bid

SULLIVAN COUNTY CLERK
JEANIE GAMMON COUNTY CLERK
3258 HIGHWAY 126 SUITE 101
BLOUNTVILLE TN 37617
Telephone 423-323-6428
Fax 423-279-2725

Notaries to be elected December 15, 2014

JUDY T. ADDINGTON	LELAND C LEONARD
CHRISTY RENEE ATKINSON	DONNA LESTER
AMY BAILEY	WANDA K. MICHAELS
CAROLYN L. BAKER	LISA MICHELLE MILANESE
SUSAN MARIA BALL	DEBORA A MONTGOMERY
ELIZABETH DENISE BUSTETTER	GAYVERN M. MOORE
MICHELE CASH	M. MICHAEL MORRISON II
LEE L. CHASE	CRAIG T MULLINS
DONALD W. COLE	ROB NICAR
HOLLY SUZANNE CORUM	APRIL LEIGH NORRIS
DONA DYE	SCOTT E. PARKER
J. WESLEY EDENS	DREAMA PARSONS
GREGORY W. FRANCISCO	LINDA ANN PENLEY
KARI J. GYORI	MILTON HIRAM RASH
SAMUEL CHARLES HOBBS	JACQULINE G. RUTLEDGE
JAY LYNN HOBBS	REBECCA SUE SPEERS
RICHARD BLAYNE HOWARD	VICTORIA CORINNE STAMPER
TINA R. JONES	CONNIE SUE STUFFLESTREET
LAURA KENT	BEVERLY M SUMMERS
JULIANNA BESSENT KING	JEREMIAH A. TOMLINSON
JANICE R. LEE	

PERSONAL SURETY
10,000.00
10000.00
JEREMY E. HARR
LISA KODAK
71511809N
WILL BE SUPPLIED
\$10,000

UPON MOTION MADE BY COMM. COLE AND SECONDED BY COMM. HARKLEROAD
TO APPROVE THE NOTARY APPLICATIONS HEREON, SAID MOTION WAS APPROVED BY ROLL
CALL VOTE OF THE COMMISSION. 22 AYE, 2 ABSENT

STATE OF TENNESSEE
COUNTY OF SULLIVAN

APPROVAL OF NOTARY
SURETY BONDS

December 15, 2014

NAME OF NOTARY

Misty Michelle Fischer
Jack W. Hyder, Jr.
Melissa Ann Moore
Paul A. Morrell
Velma F. Peters
Leroy Russell
Linda Tanner
D. Edward Wise, Jr.

PERSONAL SURETY

Randy C. Morrell
A. D. Jones, Jr.
Aaron Lilly
David Merritt
Richard K. Dice
Doug Peters
Charles Payne
Nadine Pearlman

PERSONAL SURETY

Ron Hillman
Myers N. Massengill
Brenda Lilly
S. Douglas Blackley
Nell R. Kilgore
Mike Morrell
Kurt Ick
Sharon Fleenor

UPON MOTION MADE BY COMM. COLE AND SECONDED BY COMM. HARKLEROAD TO
APPROVE THE NOTARY BONDS OF THE ABOVE NAMED INDIVIDUALS, SAID MOTION WAS
APPROVED BY ROLL CALL VOTE OF THE COMMISSION. 22 AYE, 2 ABSENT

PUBLIC COMMENT

December 15, 2014

PLEASE PRINT

	Name	Street Address	City & State	Please Check if Zoning Issue
1	CARL TERRELL	3290 ROCKY SPRINGS	PINEY FLATS TN	L
2	MARLY JUDG	257 LAKEWIND DR.	PINEY FLATS, TN	✓
3	MARGARET LEACH	2513 DEVOLTT BRIDGE RD	PINEY FLATS TN	✓
4	Robert Bushow	1254 VANLE TANK RD	TN	✓
5	Neil Ledford	217 Indian Rd	PINEY FLATS TN	✓
6	BILL BURGER	273 LAKEWIND DR. N.	PINEY FLATS, TN	✓
7	Don Boyston	248 LAKEWIND RD	PINEY FLATS TN	✓
8	Bill Peterson	333 LAKEWIND DR S	PINEY FLATS, TN	✓
9	David Petri's	192 Old Stage coach Rd.	Blountville, TN	✓
10				
11				
12				
13				
14				
15				

AGENDA

Sullivan County Board of County Commission December 15 2014

The Sullivan County Board of County Commissioners will hold a public hearing on Monday, December 15, 2014 at 9:00 A.M. in the Sullivan County Courthouse, Blountville, TN to consider the following requests:

(1) File No. 09/14/#1 Marty Judd

Reclassify 24.03 acres of property located at 2512 DeVault Bridge Road from A-1 (General Agricultural/Estate Residential District) to AR (Agricultural/Rural Residential and Light Recreational District) for the purpose of allowing for a commercial campground. Property ID No Tax Map 109, Parcel 04900 and being located in the 20th Civil District. **Sullivan County Planning**

(2) File No. 09/14/#2 Roger Hosfelt

Reclassify the mobile home section of the property located at 1372 Vance Tank Road from A-1 (General Agricultural/Estate Residential District) to R-3 (Manufactured Residential Dwelling Park District) for the purpose of being an existing grandfathered mobile home park into compliance with the zoning resolution. Property ID No. Tax Map 053, parcel part of 04900 and being located in the 21st Civil District. **Bristol Planning**

PETITION TO SULLIVAN COUNTY FOR REZONING

A request for rezoning is made by the person named below; said request to go before the Sullivan County Regional Planning Commission for recommendation to the Sullivan County Board of Commissioners.

<p>Property Owner: <u>Marty Judd</u></p> <p>Address: <u>257 Lakewind Drive North</u> <u>Piney Flats, TN 37686</u></p> <p>Phone <u>423-306-6838</u> Date of Request <u>09/19/2014</u></p> <p>Property Located in <u>20th</u> Civil District</p> <p><u><i>Marty Judd</i></u> Signature of Applicant</p>	<p><u>OFFICE USE ONLY</u></p> <p>Meeting Date <u>11/18/2014</u> Time <u>6:00 PM</u></p> <p>Place <u>Old Historic Blountville</u> <u>Courthouse</u></p> <hr/> <p>Planning Commission Approved <u>11/18/2014</u> Denied <u>✓</u> <u>6PM</u></p> <p>County Commission Approved <u>12/15/2014</u> Denied <u>x</u> <u>9am</u></p> <p>Other Roll Call <u>7 Aye, 16 Nay, 1 Absent</u> <u>12-15-14</u></p> <p>Final Action Date <u>12/15/2014</u></p> <p><u>Public Hearing</u></p>
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PROPERTY IDENTIFICATION

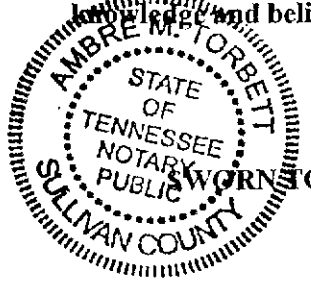
Tax Map No. 109 / Group / Parcel 049.00

Zoning Map 26 Zoning District A-1 Proposed District AR

Property Location : 2512 DeVault Bridge Road, Piney Flats

Purpose of Rezoning: Rezoning request for commercial campground

The undersigned, being duly sworn, hereby acknowledges that the information provided in this petition to Sullivan County for Rezoning is true and correct to the best of my information, knowledge and belief.



Marty Judd

AND SUBSCRIBED before me this 19th day of Sept, 2014

A. Torbett
Notary Public

My Commission Expires: 07/18/2017

PETITION TO SULLIVAN COUNTY FOR REZONING

A request for rezoning is made by the person named below; said request to go before the Bristol Regional Planning Commission for recommendation to the Sullivan County Board of Commissioners.

<p>Property Owner: <u>Roger Hosfelt</u></p> <p>Address: <u>PO Box 243</u> <u>Bluff City, TN 37618</u></p> <p>Phone <u>423-383-6116</u> Date of Request <u>10/14/2014</u></p> <p>Property Located in <u>21st</u> Civil District</p> <p><u>Linda Bail Owens POA</u> Signature of Applicant <u>FOR Roger HOSFELT</u></p>	<p><u>OFFICE USE ONLY</u></p> <p>Meeting Date <u>11/17/2014</u> Time <u>6:00 PM</u></p> <p>Place <u>104 8th Street, Easley Annex Bldg</u></p> <hr/> <p>Planning Commission Approved <input type="checkbox"/> Denied <input type="checkbox"/></p> <p>County Commission Approved <input type="checkbox"/> Denied <input checked="" type="checkbox"/></p> <p>Other <u>Roll Call Vote 5 Aye, 17 Nay,</u> <u>1 Pass, 1 Absent</u></p> <p>Final Action Date <u>12-15-14</u></p>
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PROPERTY IDENTIFICATION

Tax Map No. 053 / Group / Parcel Part of parcel 049.00

Zoning Map 9 Zoning District A-1 Proposed District R-3

Property Location : 1372 Vance Tank Road

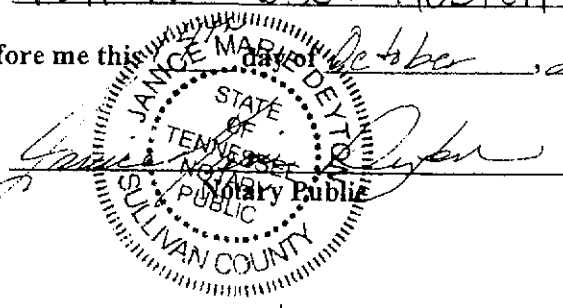
Purpose of Rezoning: "Get an existing grandfathered in mobile home park to the mobile home park zoning district."

The undersigned, being duly sworn, hereby acknowledges that the information provided in this petition to Sullivan County for Rezoning is true and correct to the best of my information, knowledge and belief.

Linda Bail Owens
POA FOR ROGER HOSFELT

SWORN TO AND SUBSCRIBED before me this 14 day of October, 2014.

My Commission Expires: 8/22/2017



FOR THE COMMISSIONERS	No. Roll Call		No. Approve Abstain		No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.
	Aye	Nay	Aye	Nay	Aye	Nay	Aye	Nay	Aye	Nay	Aye	Nay	Aye	Nay	Aye	Nay
Bowery	✓		✓													
Calton	✓		✓													
Cole	✓		✓													
Crawford	✓		A													
Gardner	✓		✓													
Grubb	✓		✓													
Hare	✓		✓													
Hullerpad	✓		✓													
Harr	✓		✓													
Herron	✓		✓													
Hood	✓		✓													
Houser	✓		✓													
Johnson	A		A		A		A		A		A					
Kilgore	✓		✓													
McClotkin	✓		✓													
Merrell	✓		✓													
Neal	✓		✓													
Reily Russell	✓		✓													
Welf Russell	✓		✓													
Shull	✓		✓													
Stanley	✓		✓													
Vance	✓		✓													
White	✓		✓													
Williams	✓		✓													
23 Present 22 Aye																
1 Absent 2 AB																

COMMN. ^{Consent} Agenda No. 56 No. 6 No. 7 No. 8 No. 9 No. 10 No. 11 ¹⁰ Suspend ^{Rolls} 10 PM Aye Nay

MEMBERS	Aye	Nay	Aye	Nay	Aye	Nay	Aye	Nay	Aye	Nay	Aye	Nay	Aye	Nay	Aye	Nay
Hubbard	✓						✓		✓		✓		✓		✓	
Harr	✓						✓		✓		✓		✓		✓	
Herron	✓						✓		✓		✓		✓		✓	
Hood	✓						✓		✓		✓		✓		✓	
Houser	✓						✓		✓		A		✓		A	
Johnson	A		A		A		A		A		A		A		A	
Kilgore	✓						✓		✓		✓		✓		✓	
Klothline	✓						✓		✓		✓		✓		✓	
Marvell	✓						✓		✓		✓		✓		✓	
Neal	✓						✓		✓		✓		✓		✓	
Russell	✓						✓		✓		✓		✓		✓	
Russell	✓						✓		✓		✓		✓		✓	
Shull	✓						✓		✓		✓		✓		✓	
Tanley	✓						✓		✓		✓		✓		✓	
Vance	✓						✓		✓		✓		✓		✓	
White	✓						✓		✓		✓		✓		✓	
Williams	✓						✓		✓		✓		✓		✓	
Bourgeois	✓						✓		✓		✓		✓		✓	
Calton	✓						✓		✓		✓		✓		✓	
Cole	✓						✓		✓		✓		✓		A	
Crawford	✓						✓		✓		✓		✓		✓	
Cudner	✓						✓		✓		✓		✓		✓	
Grubb	✓						✓		✓		✓		✓		✓	
Hare	✓						✓		✓		✓		✓		✓	
	23 Aye						23 Aye		23 Aye		23 Aye		23 Aye		21 Aye	
	1 Abs						1 Abs		1 Abs		2 Abs		1 Abs		3 Abs	

SULLIVAN COUNTY
BOARD OF COUNTY COMMISSIONERS



December 2014

Agenda Item

Resolution

CONSENT AGENDA

- 5 RESOLUTION To Amend FY 2014-15 Solid Waste Fund Budget to Affirm the Funding of the Tire Disposal Program for Sullivan County** 2014-12-84

NOW THEREFORE BE IT RESOLVED that the Board of County Commissioners of Sullivan County, Tennessee, assembled in Regular Session, amend the FY 2014-2015 Solid Waste Fund budget in the amount of \$80,000 to be funded from the State Tire Collections (Other State Revenue - Account codes to be assigned by the Director of Accounts & Budgets.)

- 6 RESOLUTION to Authorize the Purchasing Agent to Enter into a Lease of a Copier for the Sullivan County Department of Education's School Nutrition Department** 2014-12-85

NOW THEREFORE BE IT RESOLVED that the Board of County Commissioners of Sullivan County, Tennessee, assembled in Regular Session, this ____ day of _____, 2014, hereby authorizes the Purchasing Agent acting on behalf of the Sullivan County Department of Education, School Nutrition Department, to execute a lease of copiers not to exceed \$11,717.40 to be paid in equal monthly installments of \$195.29 over a 60 month period with Kingsport Imaging Systems, Kingsport, Tennessee.

CONSENT AGENDA APPROVED 12-15-14 23 Aye, 1 Absent.

RESOLUTIONS ON DOCKET FOR DECEMBER 15, 2014

RESOLUTIONS	ACTION
#1 AMENDMENTS TO THE ZONING RESOLUTION	APPROVED 12-15-14
#2 ADOPT THE SULLIVAN COUNTY HIGHWAY DEPARTMENT ROAD ATLAS	1 ST READING 12-15-14
#3 AUTHORIZE THE TRANSFER OF THE FORMER KINGSLEY ELEMENTARY SCHOOL TO SULLIVAN COUNTY	1 ST READING 12-15-14
#4 IN ORDER TO HEAR AND DECIDE APPEALS OF ORDER, DECISIONS OR NOTICE ISSUED UNDER THE 2006 PROPERTY MAINTENANCE CODE. THE SULLIVAN COUNTY BOARD OF COMMISSIONERS HEREBY CREATED THE PROPERTY MAINTENANCE BOARD OF APPEALS	APPROVED 12-15-14
#5 AMEND FY 2014-15 SOLID WASTE FUND BUDGET TO AFFIRM THE FUNDING OF THE TIRE DISPOSAL PROGRAM FOR SULLIVAN COUNTY	APPROVED 12-15-14
#6 AUTHORIZE THE PURCHASING AGENT TO ENTER INTO A LEASE COPIER FOR THE SULLIVAN COUNTY DEPARTMENT OF EDUCATION'S SCHOOL NUTRITION DEPARTMENT	APPROVED 12-15-14
#7 ADOPTION OF A REDEVELOPMENT PLAN AND TAX INCREMENT FINANCING AMENDMENT FOR THE SOUTHSIDE SHOPPING CENTER REDEVELOPMENT DISTRICT	1 ST READING 12-15-14
#8 AUTHORIZE THE ISSUANCE OF NOT TO EXCEED TEN MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$10,750,000) GENERAL OBLIGATION BONDS OF SULLIVAN COUNTY, TENNESSEE	APPROVED 12-15-14
#9 AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION PUBLIC IMPROVEMENT REFUNDING BONDS IN THE APPROXIMATE PRINCIPAL AMOUNT OF TWENTY-NINE MILLION THREE HUNDRED FORTY THOUSAND DOLLARS (\$29,340,000) FOR THE PURPOSE OF REFUNDING AND REPAYING ALL OR A PORTION OF CERTAIN OUTSTANDING OBLIGATIONS OF SULLIVAN COUNTY	APPROVED 12-15-14
#10 AUTHIORIZED THE ISSUANCE OF INDUSTRIAL PARK REFUNDING BONDS OF SULLIVAN COUNTY IN THE APPROXIMATE PRINCIPAL AMOUNT OF \$6,385,000	APPROVED 12-15-14
#11 AUTHORIZE THE ISSUANCE OF COUNTY DISTRICT SCHOOL REFUNDING BONDS OF SULLIVAN COUNTY IN THE APPROXIMATE PRINCIPAL AMOUNT OF \$7,550,000	APPROVED 12-15-14

Sullivan County, Tennessee
Board of County Commissioners

Item 1
No. 2014-12-00

To the Board of Sullivan County Commissioners and Richard S. Venable, Mayor of Sullivan County, meeting in Regular Session this 15th day of December, 2014

RESOLUTION To Consider Amendment(s) To The SULLIVAN COUNTY ZONING PLAN: Zoning Map Or The Zoning Resolution

WHEREAS, the rezoning petition(s) have been duly initiated; have been before the appropriate Regional Planning Commission (recommendations enclosed); and shall receive a public hearing as required prior to final action from the County Commission; and

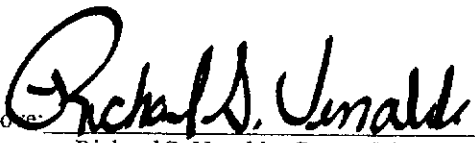
WHEREAS, such rezoning petition(s) and/or the proposed text amendment(s) will require an amendment to the SULLIVAN COUNTY ZONING PLAN – Zoning Map or Zoning Resolution.

NOW THEREFORE BE IT RESOLVED that the Board of County Commissioners of Sullivan County, Tennessee, assembled in Regular Session hereby consider rezoning petition(s) and/or the Zoning Resolution Text Amendment(s), conduct the appropriate public hearing as required by law, and vote upon the proposed amendment(s) individually, by roll call vote, and that the vote be valid and binding, and that any necessary amendments to the official zoning map or resolution code book be made by the Planning & Codes Department.

All resolutions in conflict herewith be and the same rescinded insofar as such conflict exists.

Duly passed and approved this 15th day of December 2014.

Attest: 
Jeanie Gammon, County Clerk

Approved: 
Richard S. Venable, County Mayor

Sponsor: John Gardner
Prime Co-Sponsor(s): John Crawford

2014-12-00	County Commission
ACTION	Approved 12-15-14 Voice Vote

Sullivan County, Tennessee
Board of County Commissioners

Item 2
No. 2014-12-81
Attachment

To the Board of Sullivan County Commissioners and Richard S. Venable, Mayor of Sullivan County, meeting in Regular Session this 15th day of December, 2014

RESOLUTION To Adopt The Sullivan County Highway Department Road Atlas

WHEREAS, annually the Sullivan County Highway Department reviews and updates a listing of County Roads as required by the Tennessee law; and

WHEREAS, attached hereto is a summary of the revisions dated December 1, 2014, which are necessary to bring the official Sullivan County Road Atlas up-to-date.

NOW THEREFORE BE IT RESOLVED, that the Board of County Commissioners of Sullivan County, Tennessee, assembled in Regular Session hereby authorize the adoption of the Sullivan County Road Atlas as amended. (The Sullivan County Road Atlas in its entirety is on record and available in the Office of the Sullivan County Highway Department for review.)

This resolution shall take effect from and after its passage. All resolutions in conflict herewith be and the same rescinded insofar as such conflict exists.

Approved this _____ day of _____ 2014.

Attested: _____
Jeanie Gammon, County Clerk

Approved: _____
Richard S. Venable, County Mayor

Sponsored By: Commissioner Terry Harkleroad
Prime Co-Sponsor(s): Commissioner John Gardner

Actions: **1st Reading 12-15-14;**

DECEMBER 2014
ATLAS CHANGES

DATE	SUBDIVISION AND ROAD	C.D.	TAXMAP	LENGTH	R.O.W.	CLASS	P.B. & Pg	
Additions								
Mar-14	Massengill Park Phase II							
	Massengill Park Road Ext.	8	98	0.08	40	1	54-349	
Nov-13	The Farm Phase I							
	Cardiff Way	20	134	0.16	50	1	54-298	
	Addison Court	20	134	0.06	40	1	54-298	
				total gained from additions				
				0.30				
Deletions								
Nov-14	Ridgecrest Ave. (part)	0.46 remains in SC				annexed by Kingsport		-0.04
Changes								
	Catawba Lane	(ROW Correction)		from 40 to 30-40				
	Easy Street	(ROW Correction)		from 50 to 30-50				
	Fall Creek Road	(ROW Correction)		from 80 to 50-80				
	Hillard Road	(Length Correction)		from 0.02 to 0.01		-0.01		
	Hamilton Road	(Length Correction)		from 3.05 to 3.15		0.10		
	Unnamed Road # 3	(state acquired in construction)		delete from atlas		-0.10		
name change								
				total gain from changes/deletions		0.30		
				total gain from additions		-0.05		
				TOTAL MILEAGE GAIN		0.25		

Sullivan County, Tennessee
Board of County Commissioners

Item 3
No. 2014-12-82

To the Board of Sullivan County Commissioners and Richard S. Venable, Mayor of Sullivan County, meeting in Regular Session this 15th day of December, 2014.

RESOLUTION To Authorize the Transfer of the Former Kingsley Elementary School to Sullivan County

WHEREAS, the Sullivan County Board of Education voted on September 2, 2014 to turn the former Kingsley Elementary School property over to Sullivan County for disposition as it deems appropriate.

NOW THEREFORE BE IT RESOLVED, that the Board of County Commissioners of Sullivan County, Tennessee, assembled in Regular Session hereby authorize the transfer of the former Kingsley Elementary School property to Sullivan County. The County Mayor is hereby authorized to execute any and all documents necessary to complete such transfer of title.

This resolution shall take effect from and after its passage. All resolutions in conflict herewith be and the same rescinded insofar as such conflict exists.

Approved this _____ day of _____ 2014.

Attested: _____
Jeanie Gammon, County Clerk

Approved: _____
Richard S. Venable, County Mayor

Sponsored By: Commissioner Terry Harkleroad
Prime Co-Sponsor(s): Commissioners Matthew Johnson, Mark Bowery

Actions: **1st Reading 12-15-14;**

Sullivan County, Tennessee
Board of County Commissioners

Item 4
No. 2014-12-83

To the Honorable Richard S. Venable, Mayor of Sullivan County, and the Board of Sullivan County Commissioners meeting in Regular Session this 15th day of December, 2014.

RESOLUTION: In order to hear and decide appeals of orders, decisions or notice issued under the 2006 Property Maintenance Code. The Sullivan County Board of Commissioners hereby created the Property Maintenance Board of Appeals

WHEREAS, On December 21, 2009 the Sullivan County Board of Commissioner created the Property Maintenance Board of Appeals and;

WHEREAS, The Property Maintenance Code requires the creation of this board of appeals as per Section 111 and;

WHEREAS, This board who's members are qualified by experience and training to pass on matters pertaining to property maintenance and who are not employees of the jurisdiction and where the code official shall be an ex-officio member but shall have no vote on any matter before the board and;

WHEREAS, The Property Maintenance Board has not heard any appeals for the last four years and;

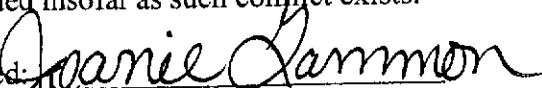
WHEREAS, The Board of Zoning Appeals has the experience and training to hear appeals and has agreed to server as the Property Maintenance Board of Appeals.

NOW THEREFORE BE IT RESOLVED that the Board of County Commissioners of Sullivan County, Tennessee, assembled in Regular Session, hereby approves that the current Property Maintenance Board of Appeals be repealed and that the Board of Zoning Appeals shall also serve as the Property Maintenance Board of Appeals.

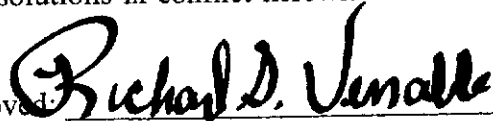
WAIVER of RULES REQUESTED

This resolution shall take effect after its passage. All resolutions in conflict herewith be and the same rescinded insofar as such conflict exists.

Attested:


Jeanie Gammon, County Clerk

Approved:


Richard S. Venable, County Mayor

Sponsored By: Mark Bowery;
Prime Co-Sponsor(s): Bob White, Dennis Houser

Actions: **Approved 12-15-14 23 Aye, 1 Absent**

Sullivan County, Tennessee
Board of County Commissioners

Item 5
No. 2014-12-84

To the Honorable Richard Venable, Mayor of Sullivan County, and the Board of Sullivan County Commissioners meeting in Regular Session this 15th day of December, 2014.

RESOLUTION To Amend FY 2014-15 Solid Waste Fund Budget to Affirm the Funding of the Tire Disposal Program for Sullivan County

WHEREAS, a tax is collected by the State of Tennessee on all tire sales in Sullivan County to cover the appropriate disposal of tires; and,

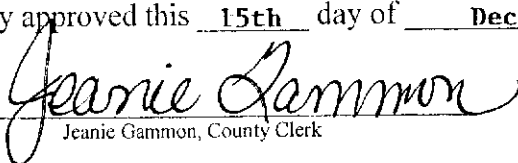
WHEREAS, the State of Tennessee has initiated a program to directly return those revenues to the respective counties from which the sales occurred to be used for the tire disposal.

NOW THEREFORE BE IT RESOLVED that the Board of County Commissioners of Sullivan County, Tennessee, assembled in Regular Session, amend the FY 2014-2015 Solid Waste Fund budget in the amount of \$80,000 to be funded from the State Tire Collections (Other State Revenue - Account codes to be assigned by the Director of Accounts & Budgets.)

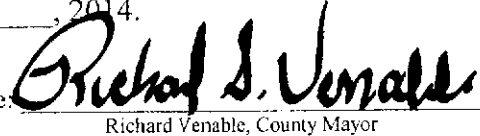
This resolution shall take effect from and after its passage. All resolutions in conflict herewith be and the same rescinded insofar as such conflict exists.

Hereby approved this 15th day of December, 2014.

Attest:


Jeanie Gammon, County Clerk

Approve:


Richard Venable, County Mayor

**Sponsored By: Commissioner Eddie Williams
Prime Co-Sponsor(s): Commissioner Bob White**

Actions: Approved 12-15-14 23 Aye, 1 Absent

Sullivan County, Tennessee
Board of County Commissioners

Item 6
No. 2014-12-85
Attachments

To the Honorable Richard Venable, Mayor of Sullivan County, and the Board of Sullivan County Commissioners meeting in Regular Session this day of 15th day of December 2014.

RESOLUTION to Authorize the Purchasing Agent to Enter into a Lease of a Copier for the Sullivan County Department of Education's School Nutrition Department

WHEREAS, the School Nutrition Department is ending a 48 month lease on 1/24/2015 for one (1) copier and needs to contract for an upgraded copier; and

WHEREAS, the Sullivan County Board of Education approved entering into a lease for one (1) new copier in an amount not to exceed \$11,717.40 for a 5 year period, resulting in a projected annual savings of \$754.44.

NOW THEREFORE BE IT RESOLVED that the Board of County Commissioners of Sullivan County, Tennessee, assembled in Regular Session, this 15th day of December, 2014, hereby authorizes the Purchasing Agent acting on behalf of the Sullivan County Department of Education, School Nutrition Department, to execute a lease of copiers not to exceed \$11,717.40 to be paid in equal monthly installments of \$195.29 over a 60 month period with Kingsport Imaging Systems, Kingsport, Tennessee.

This resolution shall take effect from and after its passage. All resolutions in conflict herewith be and the same rescinded insofar as such conflict exists.

Approved this 15th day of December, 2014.

Attested:


Jeannie F. Gammon, County Clerk Date

Approved:


Richard S. Venable, County Mayor

Sponsored by: Commissioner John Gardner
Prime Co-Sponsor(s): Commissioner Matthew Johnson

APPROVED 12-15-14 23 Aye, 1 Absent

Investment Analysis

Sullivan County Department of Education
School Nutrition Department

Recommended Implementations

Based on our analysis of your needs, we recommend the following units to optimize productivity and operation cost.

DESCRIPTION
imageRUNNER Advance C5235A
Utility Tray A2
Digital Power Conditioner, 15A/120V
Cassette Feeding Unit AD2
G3 Fax Board AE2
Staple Finisher J1
External 2/3 Hole Puncher B2
Canon CSMP Credits
Canon Promotion
Dealer Incurred Charges for Return of Off Lease Equipment
Dealer Provided Services for Network/Driver Installation for Cabinet machines

Lease Payment	Lease Months	Black CPP	Color CPP
\$195.29	60 (FMV)	\$0.009	\$0.0650

The maintenance agreement includes all parts, labor, and toner as required. All black impressions are charged at the rate of \$0.009 per copy, with no minimum base. All color impressions are charged at a rate of \$0.0650 per impression.

This quote includes the freight return fee for your current copier.

Additional Terms and Conditions

The quoted lease rate does not require a security deposit or advance payment. However, a UCC-1 filing fee of \$75.00 is required and is included with the first invoice. You are asked to provide a Proof of Insurance Certificate.

This quotation is valid until the following date: 12/31/2014



CANON FINANCIAL SERVICES, INC. (CFS)
 Remittance address: 14904 Calafados Center Drive
 Chicago, Illinois 60633 (800) 229-0200

FAXABLE LEASE AGREEMENT

Single-Sided Agreement to Lessor/Leasee Under \$75,000
 CFS-1122-03(13)

AGREEMENT NUMBER

NAME (COMPANY/LEGAL NAME):		USA		PHONE:	
Sullivan County Department of Education				(Customer) 423-354-1015	
BILLING ADDRESS:		CITY:	COUNTY:	STATE:	ZIP:
P.O. Box 308		Sullivan		TN	37617
EQUIPMENT ADDRESS:		CITY:	COUNTY:	STATE:	ZIP:

EQUIPMENT INFORMATION			NUMBER AND AMOUNT OF PAYMENTS		
Quantity	Serial Number	Make/Model/Description	No. of Pmts	Payment Amount (Plus Applicable Taxes)	
1		ImageRUNNER Advance C5235A	60	\$195.29	
First and Last Payment	Security Deposit	Total Due at Signing	Term	End of Term Purchase Option	Payment Frequency
\$ 0.00	\$ 0.00	\$ 0.00	60	<input checked="" type="checkbox"/> Full Market Value <input type="checkbox"/> \$1.00 <input type="checkbox"/> 10% <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-annual <input type="checkbox"/> Other

THIS AGREEMENT IS EFFECTIVE ONLY UPON SIGNING BY BOTH PARTIES. THIS AGREEMENT IS NON-CANCELABLE BY CUSTOMER. CUSTOMER REPRESENTS THAT ALL ACTION REQUIRED TO AUTHORIZE THE EXECUTION OF THIS AGREEMENT ON BEHALF OF CUSTOMER BY THE FOLLOWING SIGNATORIES HAS BEEN TAKEN.

ACCEPTED BY CANON FINANCIAL SERVICES, INC.		AUTHORIZED CUSTOMER SIGNATURE	
By:	Date:	By:	Title:
_____ Tee	_____ Date	_____ Printed Name	_____ Title
		Tax ID# _____ I, proprietor, CFS.	

ACCEPTANCE CERTIFICATE

To: Canon Financial Services, Inc. (CFS)
 Customer certifies that (a) the Equipment referred to in this Agreement has been received, (b) installation has been completed, (c) the Equipment has been examined by Customer and is in good operating order and condition and is, in all respects, satisfactory to Customer, and (d) the Equipment is properly accepted by Customer for all purposes under this Agreement. Accordingly, Customer hereby authorized this signature under this Agreement.

Signature: _____
 Title (if any): _____
 Printed Name: _____
 Date: _____

TERMS AND CONDITIONS

1. **AGREEMENT:** Customer leases from CFS all the equipment described above (the "Equipment"). Customer agrees to pay to CFS the payment specified under "Number and Amount of Payments" above and such other amounts permitted hereunder as indicated by CFS ("Payments"). A late payment fee of the greater of 10% of the late amount or \$10 will be due if a Payment is late. The term of this Agreement shall terminate on the date the Equipment is accepted by Customer. Customer's execution of the Acceptance Certificate, or Customer's provision to CFS of other written confirmation of its acceptance of the Equipment, shall conclusively establish that the Equipment has been delivered to and accepted by Customer. If Customer has not, within ten (10) days after delivery of the Equipment, delivered to CFS written notice of non-acceptance of any of the Equipment, specifying the reasons therefor and specifically referring to this Agreement, Customer shall be deemed to have irrevocably accepted the Equipment. After acceptance of the Equipment, Customer shall have no right to cancel this Agreement, receive acceptance or return the Equipment to CFS prior to the end of the scheduled term of this Agreement for any reason whatsoever. This lease is a net lease. Payments shall be made without set off or deduction, even if the Equipment malfunctions. Customer authorizes CFS to debit its payment and purchase option amounts stated above by up to 12% of a actual cost of the Equipment exceeds the supplier's estimate in which such amounts were listed. Customer shall pay a \$35 documentation fee and (b) agree to pay any applicable taxes (including personal property tax), expenses, charges and fees imposed upon CFS or Customer with respect to the Equipment. The payments of the Customer's performance or non-performance hereunder and shall reimburse CFS for the same and preclude any loss (including "Costs") CFS may, but need not, apply "Security Deposit" or "Advance Payments" (neither term interest or fees) required by law to any amount in default and Customer shall promptly reimburse such amounts applied Security Deposits and Advance Payments shall not be refunded to Customer at the end of the lease term and shall be applied in full.

2. **NAME, OFFICE:** Customer's legal name (as set forth in its constituent documents), is as set forth herein. Customer will not change its legal name, location of its chief executive office or corporate structure (including its jurisdiction of organization) without 30 days' prior written notice to CFS. Upon request, Customer will deliver state-certified constituent documents to CFS.

3. **WARRANTIES:** CUSTOMER ACKNOWLEDGES THAT CFS IS NOT A MANUFACTURER, DEALER OR SUPPLIER OF THE EQUIPMENT AND AGREES THAT THE EQUIPMENT IS LEASED "AS IS" AND OF A SPECIFIC DESIGN AND CAPACITY SELECTED BY CUSTOMER. CFS HAS MADE NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO THE EQUIPMENT, INCLUDING SPECIFICALLY ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. CFS shall not be liable for consequential, special, indirect or punitive damages. Any warranty with respect to the Equipment made by the supplier, dealer, or manufacturer is separate from, and is not a part of, this Agreement and CFS accepts such warranty, if any, to Customer. Customer acknowledges and agrees that the supplier is not an agent or representative of CFS and is not authorized to waive or alter any term of this Agreement, to make any representation for CFS about the Agreement or the Equipment. Customer agrees that the Equipment will not be used for personal, family or household purposes.

4. **MAINTENANCE, ALTERATIONS, LOSS:** Customer will keep and maintain the Equipment in good working order and shall, at Customer's expense, supply and install replacement parts and accessories when required to maintain the Equipment. Any such changes or accessories shall be the property of CFS and shall be deemed Equipment. Effective upon delivery to Customer, Customer shall be liable for the risk of any loss, theft of, or damage to the Equipment, and (b) hold the Equipment insured with CFS as Loss Payee. If Customer fails to provide proof of insurance, CFS may insure the Equipment and charge Customer. No such loss, theft, or damage shall relieve Customer of any obligation under this Agreement.

5. **DEFAULT:** If Customer fails to pay CFS, CFS will have the right to exercise any one or all of the following remedies in any order (a) as to Customer for all past due Payments, ALL PAYMENTS TO BE DUE ON THE FIRST OF EACH MONTH. (b) terminate the Purchase Option amount set forth above and any other Costs (collectively the "Remaining Lease Balance"), (c) repossess the Equipment and (d) re-sell the Equipment and recover any deficiency. CFS (i) may sell the Equipment after preparing a report, (ii) may disposition otherwise of the sale and the like, and (iii) may comply with applicable law, and these actions shall be deemed commercially reasonable. In the event the Equipment is not available for sale, the Customer shall be liable for the Remaining Lease Balance. Customer will also pay for CFS's reasonable collection and other costs which, in the case of a total default, 25% of the total amount sought shall be deemed reasonable.

6. **ASSIGNMENT:** CUSTOMER SHALL NOT ASSIGN OR PURCHASE THIS AGREEMENT, NOR SHALL CUSTOMER SUELET OR LEND ANY ITEM OF EQUIPMENT. CFS may provide or assign this Agreement. Customer agrees that if CFS assigns this Agreement, the new owner will have the same rights and benefits that CFS has now and will not have to perform any of CFS's obligations. Customer agrees that the rights of the new owner will not be subject to any claim, defense, or credits that Customer may have against CFS.

7. **PURCHASE OPTION:** (A) END OF TERM PURCHASE OPTION: At the end of any term, Customer shall give CFS 60 days' prior irrevocable written notice (unless the Purchase Option is \$1.00) that it will purchase all the Equipment at the purchase option price indicated herein plus any Costs. (B) PRIOR TO MATURITY PURCHASE: Customer may, at any time, upon 60 days irrevocable written notice purchase all the Equipment at a price equal to the sum of all remaining Payments plus the Fair Market Value due CFS. "Fair Market Value" shall be CFS's resale price when Customer purchases the Equipment. Equipment purchases shall not be permitted if a default is pending. Equipment purchases shall be "AS IS" HEREIN" without warranty, except for fit.

8. **RENEWAL/RETURN:** This Agreement automatically renews under the same terms and conditions on a month-to-month basis if Customer fails to give CFS 60 days' prior written notice of its intent to purchase or return the Equipment before the end of any term. Unless this Agreement automatically renews or Customer purchases the Equipment, Customer shall return the Equipment on the day the Agreement terminates in good operating condition at Customer's sole cost and expense to a location specified by CFS.

9. **DATA:** Customer acknowledges that the hard drive(s) on the Equipment, including attached devices, may retain images, contents or other data that Customer may store for purposes of normal operation of the Equipment ("Data"). Customer acknowledges that CFS is not storing Data on behalf of Customer and that exposure of access to the Data by CFS, if any, is purely incidental to the services performed by CFS. Neither CFS nor any of their affiliates has an obligation to create or preserve Data upon Customer's return of the Equipment to CFS. Customer is solely responsible for (a) its compliance with applicable law and legal requirements pertaining to data privacy, storage, security, retention and protection, and (b) all decisions related to creating or preserving Data. Without limitation of the foregoing, Customer shall, prior to return of their possession of the Equipment, either the Hard Disk Drive (HDD) (a) completely formatting the hard drive which may be retained by the Hard Drive's manufacturer (b) and on the Equipment to perform a data wipe (overwrite of Data) or, if Customer has higher security requirements, Customer may purchase from their Canon dealer at current retail an appropriate option for the Equipment which may include (a) an HDD Data Erase Kit option which displays information on how to use the equipment to perform a data wipe using encryption algorithms (b) an HDD Data Erase Kit that can perform up to a 3-pass overwrite of Data at 100 megabyte hard drive (in which case the Customer should properly destroy the replaced hard drive). Customer will indemnify CFS, their subsidiaries, directors, officers, employees and agents from and against any and all such expenses, liabilities, claims, damages, losses, judgments or fees (including reasonable attorneys' fees) arising or related to the storage, transmission or destruction of the Data. This section survives termination or expiration of this Agreement.

10. **MISCELLANEOUS:** THIS AGREEMENT SHALL BE GOVERNED BY NEW JERSEY LAW. ANY ACTION BETWEEN CUSTOMER AND CFS SHALL BE BROUGHT IN A COURT LOCATED IN THE COUNTY OF BURINGTON OR CAMDEN, NEW JERSEY, PROVIDED THAT CFS AT ITS SOLE OPTION MAY BRING ANY SUCH ACTION IN A COURT WHERE THE CUSTOMER OR THE EQUIPMENT IS LOCATED. CUSTOMER AND CFS EACH IRREVOCABLY WAIVES ANY RIGHT TO A JURY TRIAL IN ANY SUCH PROCEEDINGS. CFS may accept a facsimile or other electronic transmission of the Agreement and acceptance shall be an original. Customer agrees to reimburse CFS for and to defend CFS against any claim for losses or costs caused by the Equipment, both before and after termination of the Agreement. CFS may insert missing or correct other information otherwise than Agreement stated as the written agreement.

11. **UCC:** Customer authorizes CFS to file any form of financing or continuation statement in and amendments thereto. CUSTOMER AGREES THAT THIS AGREEMENT IS INTENDED AS A FINANCE LEASE AS THAT TERM IS DEFINED IN ARTICLE 2A OF THE UNIFORM COMMERCIAL CODE AND THAT CFS IS ENTITLED TO ALL BENEFITS, PRIVILEGES AND PROTECTIONS OF A LEASE UNDER A FINANCE LEASE AND CUSTOMER IRREVOCABLY WAIVES ANY RIGHT OF NOTICE THEREOF. If the Agreement is determined not to be a true lease, Customer grants CFS a security interest in the Equipment.

PERSONAL GUARANTY

The undersigned absolutely, irrevocably and unconditionally, jointly and severally, guarantee to CFS all payments and other obligations under the Agreement. This is a separate and continuing guaranty. SECTION 18 ABOVE SHALL APPLY TO THIS PERSONAL GUARANTY. This understanding where any right to require any action against Customer or any other party fails to enforce the Personal Guaranty.

Printed Name: _____ Signature: _____ Date: _____
 Address: _____ Phone: _____
 Printed Name: _____ Signature: _____ Date: _____
 Address: _____ Phone: _____

CFS-1122-03(13)

1. Support Services: The equipment listed above is covered under ConnectPac. Kingsport Imaging Systems, Inc.'s Installation and Support Agreement. This agreement concerns the services of our professional services engineer in connecting office equipment purchased from Kingsport Imaging Systems, Inc. to your computer or computer network. ConnectPac does not cover equipment failures or malfunctions, which are covered under a separate hardware agreement. ConnectPac services include design consultation, software and hardware installation and a confirmation of telephone, remote access, and on-site technical support of purchased products for 90 days after delivery of hardware. The client is to perform all necessary backups on the PC or network prior to the actual installation. Kingsport Imaging Systems, Inc. bears no responsibility for damage done to or information lost from said PC or Network. ConnectPac services are provided during normal business hours, 9 AM to 5 PM, Monday through Friday except holidays. ConnectPac services provided after hours, on weekends or holidays, if available, will be billed at the standard overtime rates in effect at the time the service call is made.

2. Clarifications for ConnectPac Agreement - Installation and 90 day Support
Kingsport Imaging System, Inc. will:

- Establish a timetable for installation.
- Identify all product placement criteria, assignment of ports and details.
- Identify a primary Customer Contact.
- Provide up to two (2) hours of onsite install support to include:
- Install and test drivers and software.
- Install and test all system components.
- Train Network Administrator
- Provide all travel & labor time required to correct any of the above issues.

Customer will:

- Provide proper power and phone line (if app)
- Active Network Drop(s) near equipment
- Network Administrator on-site day of install
- Have workstations in good working order for install
- Back up all network data.
- Install all updates and service packs to computers
- Provide workstations that meet or exceed minimum operating requirements of purchased software.

3. Covered Applications: Workstation Operating Systems (Win 95/98, Win 2000, Win NT4, and Win XP), Networking Operating Systems (NT Server 4.0, Win 2000, Netware 3.x and above, Terminal Server Meta Frame, and SAP, Unix/AS400) Other application support provided on a billable, best effort basis. Best effort is based upon Kingsport Imaging Systems, Inc.'s experience, ability to contact vendor's support, and customer knowledge. Kingsport Imaging System, Inc. makes no representation of any ability to support best effort applications. In support of Non-Novell and Non-Microsoft products, customer may incur vendor technical support charges. This Agreement shall not apply to any system failures resulting in whole or part from accident, abuse, misuse, theft, neglect, acts of third parties, fire, water, excess heat or cold, casualty, or any other natural force, and any loss or damage occurring from uncontrollable circumstances. Kingsport Imaging System, Inc. may withhold service or support or terminate this Agreement if Customer fails to comply with any of the items or conditions of this Agreement, or is thirty days past due on any Kingsport Imaging System, Inc. invoice. This Agreement is not transferable, nor refundable.

4. Confidentiality: All disks, tapes, media, process reports and information of any nature that are made available by the Customer, or that become available to Kingsport Imaging System, Inc. by virtue of this agreement or the relationship created by this agreement, shall be held in strict confidence by Kingsport Imaging Systems, Inc. Such confidential disclosures that are made or such confidential information that become available to Kingsport Imaging System, Inc. are subject to the confidentiality clause.

5. Acceptance: This is a quarterly agreement that will remain in force for 90 days after installation without charge. With your acceptance, this agreement will be extended on a quarterly basis unless written notice is received by either party (thirty days prior to the agreement extension date. Current extension rate is \$75.00 per quarter, per print engine. Pricing is subject to change.

ID#	Model	SN	Equipment Contact	Phone	
	IRA-C5235A		Lisa Holt	(423) 354-1015	
Customer	Address (Machine Location)		City	State	Zip
Sullivan County Department of Education	P.O. Box 306		Blountville	TN	37617

 Signed _____ Date _____
 I accept the 90 day ConnectPac Support Agreement and decline future support

 Signed _____ Date _____
 I accept the 90 day ConnectPac Support Agreement and authorize you to extend our support as described above



200 East Market St. • Kingsport, TN 37660
 423-245-5171 • Fax 423-245-8150 • 800-279-2282
 A Division of Kingsport Office Supply Co., Inc.
 www.isionline.net

Service Agreement

- For the period 12/15/2014 to 12/14/2015 Kingsport Imaging Systems, Inc. is authorized to place under maintenance service the equipment listed on this agreement.
- During the term of this Agreement Kingsport Imaging Systems, Inc. will provide all repair services and parts including drums necessary to keep the equipment in good working condition. This service shall be rendered between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday excluding holidays.
- This Agreement does not cover labor, travel, travel time, travel mileage or parts replacement made necessary by carelessness, misuse, accident, inability to properly use the equipment after installation and operator training, the use of non-compatible supplies or any act of God. Kingsport Imaging Systems' responsibility ceases if the equipment is repaired or adjusted by any person other than a representative authorized by Kingsport Imaging Systems, Inc.
- We agree that Kingsport Imaging Systems' liability with respect to any property damage arising out of, or connected with services performed under this Agreement, is limited to either the repair of any damage or replacement of the equipment or any part thereof so damaged, at the option of Kingsport Imaging Systems. In no event shall Kingsport Imaging Systems have any liability for consequential damages.
- In the event any equipment covered by this Agreement is removed to a location other than the premises in which it is located as of the date of this Agreement, without prior agreement of Kingsport Imaging Systems, Inc. the removed equipment shall be excluded from the terms of this Agreement without refund. In this event Kingsport Imaging Systems, Inc. may cancel this Agreement with 30 days written notice and refund monies on a prorated cost and/or monthly basis.
- This Agreement will be automatically renewed for successive one year periods upon receipt of payment for the maintenance service charges in effect at the time of renewal. Upon renewal the current Maintenance Service Agreement's terms and conditions will be in effect. We understand that we will be notified of any modification or amendment of this agreement.
- There will be added to the fee for this Agreement any tax new or hnjkhjghkj imposed on, or in connection with, the sale or delivery or furnishing of such services or materials described herein.
- The billing cycle for this Agreement is MONTHLY / QUARTERLY / ANNUALLY. Payment will be due within 30 days after each invoice date and we agree to pay service charges of 1.5% per month resulting from late payments.
- All parts, including drums, as well as labor and travel are included in the base and overage charges.
- All toner WILL NOT be provided without additional charge unless, conventional office copy usage (i.e. 6% original image coverage), excessive use is determined. In this event, we agree to be charged for this item at the published retail price. Staples ARE / ARE NOT provided on this agreement.
- This agreement includes 90 days of connectivity support, from the date of installation, associated with installation of print driver software and connection to your network. Continuing connectivity support is available as described on the separate ConnectiFac Agreement.

Model	SN	Media Type	Start Meter	Copy Rate	Base Rate	Base Copies
IRA-C5235A		BW		26.0000		no base
		Color		34.0000		
		Print				
		Total Count				
Division	Location	City	State	Zip	Phone	
Sullivan County Department of Education	P.O. Box 306	Blountville	TN	37617	(423) 354-1015	

Signature/Acceptance: _____ Date: _____
 for Customer

Signature/Acceptance: _____ Date: _____
 for Kingsport Imaging Systems, Inc.

Canon	Previous	Proposed
Monthly lease	\$ 234.35	\$ 195.29
Ave # of BW copies x Base rate	\$ 52.50	\$ 38.18
Ave # of Color Copies x Copy rate	\$215.22	\$ 205.73
Total monthly cost	\$ 502.07	\$ 439.20

Projected savings of \$62.87 per month, for annual savings of \$754.44

Sullivan County, Tennessee
Board of County Commissioners

Item 7
No. 2014-12-86
Attachment

To the Honorable Richard S. Venable, Sullivan County Mayor and the Board of Sullivan County Commissioners meeting in Regular Session this 15th day of December 2014.

RESOLUTION FOR ADOPTION OF A REDEVELOPMENT PLAN AND TAX INCREMENT FINANCING AMENDMENT FOR THE SOUTHSIDE SHOPPING CENTER REDEVELOPMENT DISTRICT

WHEREAS, Bristol Housing ("Bristol Housing") pursuant to the provisions of Title 13, Chapter 20, Tennessee Code Annotated, as supplemented and amended, has the power and authority to administer redevelopment programs located within its statutory boundaries; and

WHEREAS, Bristol Housing has prepared a document entitled "Redevelopment Plan for Identified Districts & Study Areas" in conformance with Title 13, Chapter 20, Part 2, Tennessee Code Annotated, as supplemented and amended which has been adopted by the City Council of the City of Bristol, Tennessee pursuant to Resolution No. 06-14; and

WHEREAS, as previously authorized by the Sullivan County Commission, Bristol Housing conducted a public hearing on December 3, 2014, to determine the necessity for the adoption of a Redevelopment Plan for the Southside Shopping Center Redevelopment District on behalf of Sullivan County which includes the use of tax increment financing; and

WHEREAS, the comments and findings of said public hearing, along with the Project Proposal for the Southside Shopping Center Redevelopment District have been presented to the Sullivan County Commission; and

WHEREAS, Bristol Housing and the City Council of the City of Bristol, Tennessee have recommended the adoption of the Redevelopment Plan and the proposed tax increment financing amendment and have also recommended approval of the use of tax increment financing for a Project known as The Villas at Lavinder Lane to be located within the Southside Shopping Center Redevelopment District.

NOW, THEREFORE, be it resolved by the Sullivan County Commission as follows:

1. That the Redevelopment Plan for the Southside Shopping Center Redevelopment District, along with the proposed Amendment, as presented and recommended by Bristol Housing, a copy of the Plan and Amendment being attached hereto as Exhibit A, are hereby approved, and the factual findings contained therein are affirmed and adopted by the Sullivan County Commission.

2. That use of tax increment financing as described in the Southside Shopping Center Redevelopment Plan as amended for use in support of the project known as The Villas at Lavinder Lane is hereby approved.

3. That the Sullivan County Mayor and Sullivan County Assessor are hereby authorized and empowered to negotiate and execute all such documents as may be reasonably required to implement this Plan.

4. That the Bristol Housing is hereby authorized and empowered to implement the Redevelopment Plan on behalf of Sullivan County.

5. This resolution is restricted solely to the Southside Shopping Center Redevelopment District and is not an approval or denial of any other Redevelopment Plan or District.

This resolution shall take effect from and after its passage. All resolutions in conflict herewith be and the same rescinded insofar as such conflict exists.

Approved this _____ day of _____ 2014.

Attested: _____
Jeanie Gammon, County Clerk

Approved: _____
Richard S. Venable, County Mayor

Sponsor: Commissioner Mark Vance
Prime Co-Sponsor(s): Commissioners Bob Neal, Cheryl Russell, Bob White

ACTIONS: 1st Reading 12-15-14;

SOUTHSIDE SHOPPING CENTER REDEVELOPMENT DISTRICT TAX INCREMENT FINANCING AMENDMENT

Tax-increment financing ("TIF") is a redevelopment tool to be administered by housing and redevelopment authorities codified at Tenn. Code Ann. §§13-20-204 and 205, et. seq. The purpose of TIF is to provide an economic stimulus for blighted property in need of redevelopment. Upon adoption of this Amendment, TIF may be utilized to finance eligible redevelopment costs for a redevelopment project known as The Villas at Lavinder Lane ("The Villas") to be located within the existing Bristol Tennessee Southside Shopping Center Redevelopment District subject to the provisions of this Amendment. The TIF shall be administered as follows:

A. District History.

The Southside Shopping Center Redevelopment District was designated as a preferred Redevelopment District by Bristol Housing in 2005. The site originally contained the former Winn-Dixie Grocery Store as the primary anchor, a pharmacy, beauty shop, Tennessee Department of Motor Vehicle License Center, consignment shop, the United States Post Office, and several other small businesses, all of which closed prior to the current owner purchasing the property in 2005. The Southside Shopping Center area was considered a high priority for designation as a redevelopment district by the Redevelopment Task Force Committee in their original study. The area is located on the Bluff City Highway and Lavinder Lane, and lies southeast of Volunteer Parkway. The Redevelopment District has 1 parcel containing approximately 6.6 acres valued in 2014 at \$384,200, for an average value of \$58,212.00 per acre. In 1978, this same property sold for \$975,000.

This area includes the former site of the Southside Shopping Center. The Southside Shopping Center Redevelopment Area came under stress by the relocation of the Winn-Dixie anchor, other businesses, and the relocation of the United States Post Office, leaving a vacant deteriorating complex. Upon purchase of the property in 2005, the current owner subsequently razed the property, with concurrence of the City officials, to eliminate the dilapidating structure and eliminate an identified hazardous location. This area is recognized as having a potential economic return to the City due to the presence of adequate utilities and its location on the Bluff City Highway and proximity to Volunteer Parkway. Delay to the redevelopment of this site will have a deteriorative impact on the adjacent residential and commercial area.

The Redevelopment Plan and associated Tax Increment Financing potential, will allow the redevelopment of a well-located site. The site has remained unused in the intervening nine years and while having considerable potential, has not been redeveloped thus continuing to add to the blight of the area and surrounding properties. The existing blighted influence, lack of structures and deteriorating paved areas would be eliminated by implementation of the proposed Redevelopment Project. Redevelopment of this area would also provide the opportunity to introduce a common architectural theme and other aesthetic improvements which would serve as a catalyst for adjoining property owners along the Bluff City Highway.

Based on the foregoing circumstances and conditions, the Board of Commissioners of Bristol Housing has determined that the District is blighted as defined by TCA 13-20-201 et seq. The District experiences the following conditions:

1. Long-term vacant and underutilized property.
2. The deterioration of site or other improvements and impact to the surrounding properties.
3. Blighting effect of demolished site and exposed deteriorating paved area.

It is recommended that the project be redeveloped, rehabilitated and/or renovated in order to correct such blighted, deteriorated and dilapidated conditions.

B. District Zoning and Land Use

The redevelopment of the District shall comply with the Zoning Ordinances and building codes as well as other applicable rules, laws, ordinances, codes and regulations of the City. Bristol Housing shall also review the Plan and any redevelopment projects within the District with appropriate City agencies and officials to ensure that the Plan and the proposed redevelopment activities conform with local objectives relating to appropriate land uses, improved traffic flow, public transportation, public utilities, recreation and community facilities and other public improvements and needs. For a more complete description of the requirements and restrictions of the Zoning Ordinances of the City, reference should be made to the Ordinances themselves. This property should continue to be zoned commercial by the City of Bristol and should be considered for a mixed-use development, combining the needs of office and retail in the overall development of a new center.

The City and Bristol Housing will cooperate in the planning and construction of improvements to the streets, roadways, sidewalks, curbs and gutters, parking systems, lighting, landscaping and traffic signalization and control.

The Southside Shopping Center Redevelopment District is shown on the map attached as Exhibit A.

C. Estimated Cost of the Project

The total estimated costs of all the proposed improvements to be made by East Tennessee Investment, LLC (the "Developer") for the Villas, is \$7,569,908. The proposed improvements include removal of the existing asphalt, utility and site work and construction of 124 units of 1, 2 and 3 bedroom apartments plus 13 stand alone garages and other related amenities (the "Redevelopment Project"). In addition, the Bristol Housing will be paid an annual administration fee equal to five percent of the total annual tax increment revenue received by Bristol Housing. The Project will be located upon Sullivan County Tax Map 037D, Control Map 037D, Group F, Parcel 008.00 which is the sole tax parcel within the Southside Shopping Center Redevelopment District (the "Project Area"). A map of the

Project Area is attached hereto as Exhibit A. The TIF shall be limited to eligible expenditures for the Redevelopment Project within the Project Area.

D. Sources of Revenue to Finance the Cost of the Project.

The primary sources of revenue to pay for the Redevelopment Project are proceeds in the amount of \$6,055,926 from a permanent loan to the Developer, Developer investment of \$513,982, and tax-increment based debt (to be issued by the Bristol Housing in the form of bonds, notes, or other indebtedness) in an amount not to exceed \$1,100,000.00, but in no event in an amount to exceed the estimated amount of debt that can be amortized over the 15 year increment periods which are hereby authorized by City of Bristol (the "City") and Sullivan County, Tennessee (the "County"). Current projections suggest that the tax increment from the proposed improvements within the Project Area will be sufficient to retire this amount of indebtedness within a fifteen year amortization period for both the City and the County.

The total current property tax assessment for the Project Area is \$153,680.00. This results in annual property tax payments to the City in the amount of \$3,457.80 and annual property tax payments to the County in the amount of \$3,542.94. The Redevelopment Project would result in a total estimated assessed value for property within the Project Area of \$3,040,000.00. Based on current tax rates, this would result in total estimated annual city taxes of \$68,400.00 and total estimated annual county taxes of \$70,084.16. Because Sullivan County has dedicated \$0.1077 of its \$2.3054 tax rate for repayment of indebtedness and the City of Bristol has dedicated \$0.3402 of its \$2.25 tax rate for repayment of indebtedness, that portion of the increment, pursuant to Tenn. Code Ann. §§13-20-205 and 9-23-103, shall not be allocated as provided in Paragraph E below but shall be collected and paid to the respective taxing agency as all other property taxes are collected and paid. Thus, the estimated total available increment from Sullivan County taxes after the administration fee and statutory debt service set aside is \$60,261.02. The estimated total available increment from City of Bristol taxes after the administration fee and statutory debt service set aside is \$52,366.79 resulting in an estimated total annual available tax increment from City and County of \$112,627.81. A detailed calculation of these estimated projections is attached hereto as Exhibit B. The redevelopment of the Project Area will not occur to the degree proposed without the use of tax-increment financing.

E. Amount and the Final Maturity of Bonded or other Indebtedness to be Incurred.

The amortization period for any indebtedness backed by the tax-increment revenue generated within the Project Area shall be no more than fifteen years from the date of issuance of the debt. In any event, the final maturity date of all indebtedness issued pursuant to this Amendment shall be on or before April 15, 2031. Upon retirement of all bonds, loans, or other indebtedness incurred and payable from tax-increment funds, or at such time as monies on deposit in the tax-increment fund or funds are sufficient for such purpose, all property taxes resulting from the incremental development of the project shall be retained by the appropriate taxing agency for disbursement according to law.

F. Impact of the Tax-Increment Financing Provisions Upon Taxing Agencies.

The total assessment of the City of Bristol's real property tax base for the 2013 tax year is approximately \$566,604,335. The total assessment of Sullivan County's real property tax base for the 2013 tax year is approximately \$2,990,802,295.00. The current assessment of the Project Area represents .00027% of the City of Bristol's property tax base and .000051% of the Sullivan County property tax base. The estimated assessment of the Proposed Improvements would represent .00537% of the current City of Bristol tax base and .00102% of the current Sullivan County tax base. Based on these small percentages, the City and the County (the two taxing agencies affected by this Redevelopment Project) will not be substantially impacted financially by this tax-increment financing provision.

The development of the Redevelopment Project will result in additional residents and economic activity within the Redevelopment District. It is estimated as many as 50 new jobs could be created during the construction phase of the Redevelopment Project which would result in \$1.5M in salaries over the course of the project and \$1.2M in local business income. While all these numbers rely on certain assumptions and projections, the end result of the Redevelopment Project is a substantial economic boost to the City and County. The Redevelopment Project will also meet a substantial need for apartment units in the City and County.

G. Division of Property Taxes.

Upon approval of this Amendment, the taxes levied and collected over the Project Area shall be collected by the appropriate taxing authorities in the same manner as provided by law, except that said taxes shall be divided as follows:

1. The portion of the taxes which would be produced by the rate at which the tax is levied each year by each taxing agency, upon the assessed value of such property within the Project Area as of the 2014 tax year (which is the year of approval of this TIF amendment) ("Base Assessment"), shall be allocated to, and when collected, shall be paid to, the respective taxing agencies as taxes levied by such taxing agencies on all other property are paid; provided, that in any year in which taxes of the Project Area are less than the Base Assessment and the Dedicated Taxes, there shall be allocated and paid to those respective taxing agencies only those taxes actually imposed and collected; and provided further, that, in any year or years in which the Base Assessment would be diminished solely due to a rate reduction under Title 67, Chapter 5, Part 17, of the Tennessee Code, the Base Assessment shall nevertheless be established at the amount originally determined.

2. Subject to the restraints herein and applicable law, all the taxes levied in each year in excess of the Base Assessment and Dedicated Taxes shall be allocated to and, when collected, shall be paid into a special fund or funds of Bristol Housing to pay the administration fee and to pay the principal of and interest on any bonds, loans or other indebtedness incurred or to be incurred by Bristol Housing to finance or refinance, in whole or in part, eligible redevelopment expenses of the Redevelopment Project contemplated by the Redevelopment Plan, and such other expenses as may be allowed by law.

3. Upon retirement of all bonds, loans or other indebtedness incurred by Bristol Housing and payable from such special fund or funds, or at such time as monies on deposit in such special fund or funds are sufficient for such purpose, all taxes levied each year in excess of the Base Assessment and Dedicated Taxes shall, when collected, be paid to the respective taxing agency as taxes levied by such taxing agencies on all other property are paid, and Bristol Housing shall give notice to all affected taxing agencies of such retirement. Excess taxes beyond amounts necessary to fund or reserve for eligible expenditures may be applied to principal and interest of debt incurred to finance such eligible expenditures or shall revert to the taxing agency general fund. In any event, the division of property taxes required by this document shall not continue for any tax year beyond 2030.

H. Property Tax Assessments and Collection.

1. The appropriate assessor shall, in each year during the period in which taxes are to be allocated to Bristol Housing pursuant to Paragraph (E) (2), compute and certify the net amount, if any, by which the current assessed value of all taxable property located within the Project Area which is subject to taxation by the particular taxing agency exceeds the base assessment. The net amount of any such increase is referred to in this subdivision as the incremental value for that particular year.

2. In any year in which there exists a tax increment to be allocated to Bristol Housing, the appropriate assessor shall exclude it from the assessed value upon which the appropriate assessor computes the tax rates for taxes levied that year by the taxing agency. However, the assessor shall extend the aggregate tax rate of such taxes against the Base Assessment and the incremental value and shall apply the taxes collected therefrom as provided herein.

3. If in any year property comprising a portion of the Project Area shall be removed from the tax rolls of a taxing agency, the Base Assessment for the Project Area shall be reduced by the amount of the Base Assessment allocable to the property so removed for each subsequent year in which taxes are to be allocated to a particular authority pursuant to the above provisions.

I. Documentation for Assessor's Office.

Upon approval of this Amendment, Bristol Housing shall transmit to the assessor of property and the chief financial officer for each taxing agency affected, a copy of the description of all land within the Project Area (including tax parcel numbers), the date or dates of the approval of the redevelopment plan or amendment thereto, a copy of the resolution approving the redevelopment plan or approving an Amendment thereto, a map or plat indicating the boundaries of such property and the Base Assessment with respect to the Project Area, and taxes shall thereafter, when collected, be allocated and paid in the manner provided herein.

J. Excluded Taxes.

Notwithstanding anything to the contrary in this section, taxes levied upon property subject to tax-increment financing provisions by any taxing agency for the payment of principal of and interest on all bonds, loans or other indebtedness of such taxing agency, and taxes levied by or for the benefit of the State of Tennessee (herein "Dedicated Taxes"), shall not be subject to allocation as provided in Paragraph E but shall be levied against the property and, when collected, paid to such taxing agency as taxes levied by such taxing agency on all other property are paid and collected.

K. Interpretation.

This tax-increment financing amendment is being proposed pursuant to *Tenn. Code Ann. § 13-20-201, et. seq.* and *Tenn. Code Ann. § 9-23-101, et. seq.* and all relevant provisions are hereby incorporated herein by reference. All provisions of this Amendment shall be construed in a manner consistent with said Code sections.

L. Conditions of Tax-Increment.

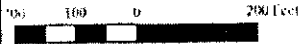
Bristol Housing shall enter into a redevelopment agreement with Developer which requires Developer to pursue and complete the Redevelopment Project in a diligent manner, and in accordance with plans and specifications approved by Bristol Housing. The redevelopment agreement to be entered into between Bristol Housing and Developer shall contain such terms as Bristol Housing believes reasonably necessary to accomplish this purpose.

EXHIBIT A

MAP OF SOUTHSIDE SHOPPING CENTER REDVELOPMENT DISTRICT

Location Map

Scale: 1" = 200' Date: 11/21/2014



City of Bristol Tennessee Southside Shopping Center Redevelopment District



Legend

Southside Shopping Center

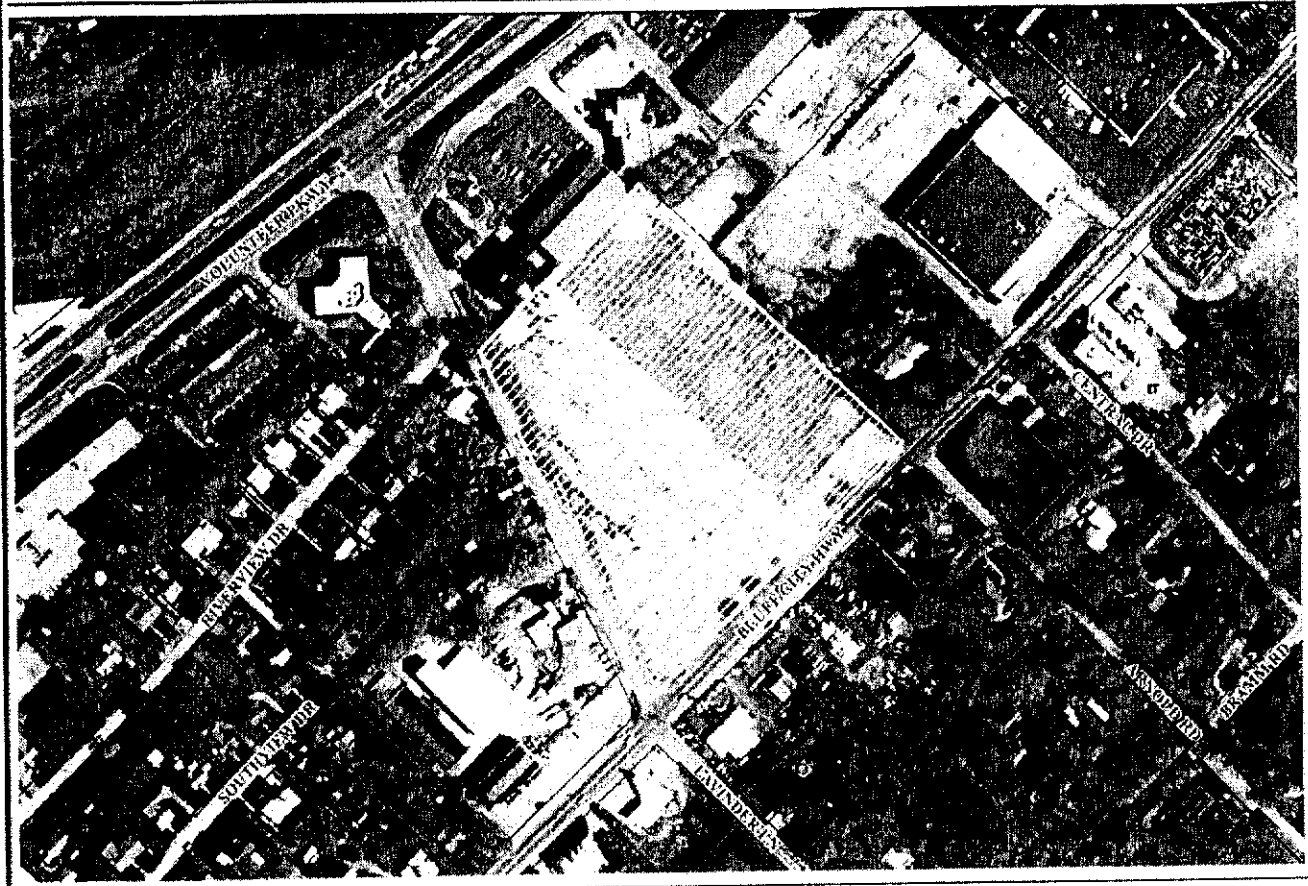


EXHIBIT B

TIF CALCULATION
SOUTHSIDE SHOPPING CENTER
REDEVELOPMENT DISTRICT

Total Original Assessed Value	\$153,680.00
County Tax Rate	2.3054
City Tax Rate	2.25
Total Proposed Assessed Value	\$3,040,000.00
County Debt Service Set Aside	0.1077
City Debt Service Set Aside	0.3402
Total Proposed County Taxes	\$70,084.16
Current County Taxes	\$3,542.94
Proposed County Increment	\$66,541.22
County Debt Service Set Aside	\$3,108.57
Total Available County Increment	\$63,432.65
Net County Increment after Fee	\$60,261.02
Total Proposed City Taxes	\$68,400.00
Current City Taxes	\$3,457.80
Proposed City Increment	\$64,942.20
City Debt Service Set Aside	\$9,819.26
Total Available City Increment	\$55,122.94
Net City Increment After Fee	\$52,366.79
Net Available City and County Increment	\$112,627.81

Sullivan County, Tennessee
Board of County Commissioners

Item 8
No. 2014-12-87
Attachment

To the Honorable Richard S. Venable, Sullivan County Mayor and the Board of Sullivan County Commissioners meeting in Regular Session this 15th day of December 2014.


RESOLUTION To Authorize the Issuance of Not To Exceed Ten Million Seven Hundred Fifty Thousand Dollars (\$10,750,000) General Obligation Bonds of Sullivan County, Tennessee

WHEREAS, bond documents hereto attached provide for funding for the refinancing of the County's Equipment Lease-Purchase Agreement dated September 15, 2014;

NOW THEREFORE BE IT RESOLVED by the Board of County Commissioners of Sullivan County, Tennessee assembled in Regular Session approve the terms set out in the attached documents for the purpose of the refinancing of the County's Equipment Lease-Purchase Agreement dated September 15, 2014.

This resolution shall take effect from and after its passage. All resolutions in conflict herewith be and the same rescinded insofar as such conflict exists.

Approved this 15th day of December 2014.

Attested: 
Jeanie Gammon, County Clerk

Approved: 
Richard S. Venable, County Mayor

Sponsored By: Commissioner Eddie Williams

Prime Co-Sponsor(s): Commissioner Bob White

ACTIONS: Approved 12-15-14 23 Aye, 1 Absent

INITIAL RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED
TEN MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$10,750,000)
GENERAL OBLIGATION BONDS OF SULLIVAN COUNTY, TENNESSEE

BE IT RESOLVED by the Board of County Commissioners of Sullivan County, Tennessee (the "County") that for the purpose of providing funds for the (a) refinancing of the County's Equipment Lease-Purchase Agreement, dated September 15, 2014 (the "Lease"), the proceeds of which were used to construct and acquire towers for the County's communications system, acquire equipment in connection therewith, and acquire real and personal property related to the foregoing; and (b) payment of costs incident to the bonds authorized herein; there shall be issued bonds, in one or more emissions, of said County in the aggregate principal amount of not to exceed \$10,750,000, which shall bear interest at a rate or rates not to exceed the maximum rate permitted under applicable law, and which shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County.

BE IT FURTHER RESOLVED by the Board of County Commissioners of Sullivan County, Tennessee that the County Clerk be, and is, hereby directed and instructed to cause the foregoing initial resolution relative to the issuance of not to exceed \$10,750,000 general obligation bonds to be published in full in a newspaper having a general circulation in the County, for one issue of said paper followed by the statutory notice, to-wit:

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 County shall have been filed with the County Clerk protesting the issuance of the bonds, such bonds will be issued as proposed.

Jeannie Gammon, County Clerk

Thereupon, the County Mayor declared said resolution to have been duly and regularly adopted, and said resolution was signed and approved by the County Mayor and County Clerk in open meeting.

County Mayor

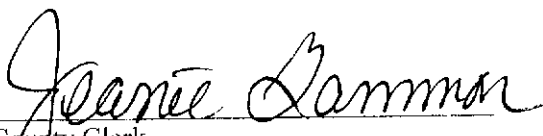
ATTEST:

County Clerk

STATE OF TENNESSEE)
)
COUNTY OF SULLIVAN)

I, Jeannie Gammon, hereby certify that I am the duly qualified and acting County Clerk of Sullivan County, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of the meeting of the governing body of said County held on December 15, 2014; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to not to exceed \$10,750,000 General Obligation Bonds of said County.

WITNESS my official signature and seal of said County on this the 15th day of December 2014.



County Clerk

(SEAL)

The Board of County Commissioners of Sullivan County, Tennessee, met in a regular session on December 15, 2014, at 9:00 a.m., at the Sullivan County Courthouse with Richard S. Venable, County

Mayor, presiding, and the following members present: **Bowery, Calton, Cole, Crawford, Gardner, Grubb, Hare, Harkleroad, Harr, Herron, Hood, Houser, Kilgore, McGlothlin, Morrell, Neal, Bobby Russeell, Cheryl Russell, Shull , Stanley, Vance, White, Williams**

There were absent: **Johnson**

There were also present Jeannie Gammon, County Clerk and Larry G. Bailey, Accounts and Budgets Director.

It was announced that public notice of the time, place and purpose of the meeting had been given and accordingly, the meeting was called to order.

The following resolution was introduced by Williams, seconded by White and after due deliberation, were adopted by the following vote:

AYE: 23

NAY:

ABSENT: 1

13743826.1

Sullivan County, Tennessee
Board of County Commissioners

Item 9
No. 2014-12-88
Attachment

To the Honorable Richard S. Venable, Sullivan County Mayor and the Board of Sullivan County Commissioners meeting in Regular Session this 15th day of December 2014.

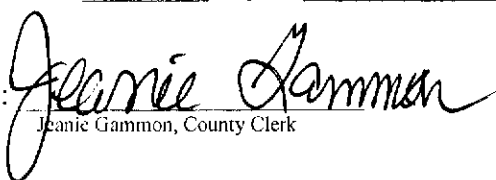
RESOLUTION To Authorize the Issuance of General Obligation Public Improvement Refunding Bonds in the Approximate Principal Amount of Twenty-Nine Million Three Hundred Forty Thousand Dollars (\$29,340,000) for the Purpose of Refunding and Repaying All or A Portion of Certain Outstanding Obligations of Sullivan County

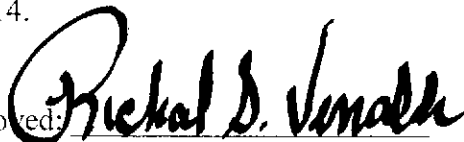
WHEREAS, bond documents hereto attached provide for the refunding and repaying of all or a portion of certain outstanding obligations of Sullivan County.

NOW THEREFORE BE IT RESOLVED by the Board of County Commissioners of Sullivan County, Tennessee assembled in Regular Session approve the terms and amounts set out in the attached documents for the purpose of the refunding and repaying of the County's outstanding obligations.

This resolution shall take effect from and after its passage. All resolutions in conflict herewith be and the same rescinded insofar as such conflict exists.

Approved this 15th day of December 2014.

Attested: 
Jeanie Gammon, County Clerk

Approved: 
Richard S. Venable, County Mayor

Sponsored By: Commissioner Eddie Williams

Prime Co-Sponsor(s): Commissioner Bob White

ACTIONS: Approved 12-15-14 23 Aye, 1 Absent

RESOLUTION AUTHORIZING THE ISSUANCE, IN ONE OR MORE SERIES, OF GENERAL OBLIGATION PUBLIC IMPROVEMENT REFUNDING BONDS OF SULLIVAN COUNTY, TENNESSEE, IN THE APPROXIMATE PRINCIPAL AMOUNT OF TWENTY-NINE MILLION THREE HUNDRED FORTY THOUSAND DOLLARS (\$29,340,000) FOR THE PURPOSE OF REFUNDING AND PREPAYING ALL OR A PORTION OF CERTAIN OUTSTANDING OBLIGATIONS OF THE COUNTY; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BONDS; ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; AND PROVIDING FOR THE LEVY OF TAXES FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS.

WHEREAS, Sullivan County, Tennessee (the "County") has previously issued and there is currently outstanding General Obligation Bonds, Series 2005, dated June 1, 2005, maturing May 1, 2015 through May 1, 2025, inclusive (the "Series 2005A Bonds") issued pursuant to Sections 9-21-101 et seq., Tennessee Code Annotated, and School Refunding Bonds, Series 2005, dated September 1, 2005, maturing April 1, 2015 through April 1, 2024, inclusive (the "Series 2005B Bonds" and collectively, the "Outstanding Bonds") issued pursuant to Sections 9-21-901 et seq., and 49-3-1001 et seq., Tennessee Code Annotated; and

WHEREAS, the County has previously entered into an Equipment Lease-Purchase Agreement, dated September 15, 2014 (the "Lease" and collectively with the Outstanding Bonds, the "Outstanding Obligations") with Motorola Solutions, Inc., the proceeds of which were used to construct and acquire radio towers for the County's communications system, equipment in connection therewith, and real and personal property related to the foregoing; and

WHEREAS, an Initial Resolution proposing the issuance of not to exceed \$10,750,000 in aggregate principal amount of general obligation bonds, the proceeds of which will be used to prepay the Lease has been adopted by the Governing Body on the date hereof, and, together with the statutory notice required by Section 9-21-206, Tennessee Code Annotated, as amended, will be published as required by law; and

WHEREAS, counties in Tennessee are authorized by Sections 9-21-101 et seq., Tennessee Code Annotated, to issue, by resolution, bonds to refund, redeem or make principal and interest payments on their previously issued bonds, notes or other obligations; and

WHEREAS, the Board of County Commissioners of the County has determined that the Outstanding Bonds can be refunded and the Lease can be prepaid resulting in a cost savings to the public; and

WHEREAS, the plan of said refunding has been submitted to the Director of State and Local Finance as required by Section 9-21-903, Tennessee Code Annotated, and said report on the plan of refunding has been issued and is attached hereto as Exhibit A; and

WHEREAS, it is the intention of the Board of County Commissioners to adopt this resolution for the purpose of authorizing the issuance of general obligation bonds, in one or more series, for the purpose of refunding all or a portion of the Outstanding Bonds and prepaying the Lease, providing for the issuance, sale and payment of said bonds, establishing the terms thereof and the disposition of proceeds therefrom and providing for the levy of a tax for the payment of principal thereof, premium, if any, and interest thereon on all taxable property within the County.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Sullivan County, Tennessee, as follows:

Section 1. Authority. The bonds authorized by this resolution are issued pursuant to Sections 9-21-101, et seq., and 49-3-1001 et seq., Tennessee Code Annotated, and other applicable provisions of law.

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

(a) "Bonds" means General Obligation Public Improvement Refunding Bonds authorized herein;

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

(c) "Code" shall mean the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder;

(d) "County" shall mean Sullivan County, Tennessee;

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

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

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

(h) "Debt Management Policy" means the Debt Management Policy adopted by the Governing Body as required by the State Funding Board of the State of Tennessee;

(i) "Escrow Agent" means the escrow agent appointed by the County Mayor, or its successor;

(j) "Financial Advisor" means Stephens, Inc.;

(k) "Governing Body" means the Board of County Commissioners of the County;

(l) "Lease" shall have the meaning set forth in the preamble hereto;

(m) "Outstanding Bonds" shall have the meaning set forth in the preamble hereto;

(n) "Outstanding Obligations" shall have the meaning set forth in the preamble hereto;

(o) "Refunded Bonds" means the maturities or portions of maturities of the Outstanding Bonds designated by the County Mayor pursuant to Section 8 hereof;

(p) "Refunding Escrow Agreement" shall mean the Refunding Escrow Agreement, dated as of the date of the Bonds, to be entered into by and between the County and the Escrow Agent, in the form of the document attached hereto and incorporated herein by this reference as Exhibit D, subject to such changes therein as shall be permitted by Section 11 hereof;

(q) "Registration Agent" means the registration and paying agent for the Bonds appointed by the County Mayor pursuant to Section 4 hereof; and

(r) "State Director" shall mean the Director of State and Local Finance for the State of Tennessee.

Section 3. Findings of the Governing Body; Compliance with Debt Management Policy. It is hereby found and determined by the Governing Body that the issuance and sale of the Bonds, as proposed herein, is consistent with the County's Debt Management Policy. The issuance of the Bonds authorized by this resolution is advisable because it will result in the reduction in debt service payable by the County over the term of the Outstanding Bonds and the Lease. Each series of Bonds authorized herein will be structured so as not to extend beyond the original term of the Refunded Bonds or Lease prepayments to which it relates. The refinancing analysis, including estimated interest, has been fully disclosed and is attached hereto as Exhibit B. As required by the Debt Management Policy, the State Form CT-0253 with estimated costs of issuance is also attached as part of Exhibit B.

Section 4. Authorization and Terms of the Bonds.

(a) For the purpose of providing funds to refund the Refunded Bonds, to prepay all or a portion of the Lease, and to pay the costs incident to the issuance and sale of the Bonds, as more fully set forth in Section 9 hereof, there are hereby authorized to be issued bonds, in one or more series, of the County in the approximate principal amount of \$29,340,000. to pay the principal of, premium and interest on the Refunded Bonds, to prepay the Lease, and to pay costs of issuance of the Bonds. The Bonds shall be issued in fully registered, book-entry only form (except as otherwise permitted herein), without coupons, shall be issued in one or more series, shall be known as "General Obligation Public Improvement Refunding Bonds" and shall have such series designation and dated date as shall be determined by the County Mayor pursuant to Section 8 hereof. The rate or rates on the Bonds shall not exceed the maximum interest rate permitted by applicable law at the time of the sale of the Bonds, or any series thereof. Subject to the adjustments permitted pursuant to Section 8 hereof, interest on the Bonds shall be payable semi-annually on April 1 and October 1 in each year, commencing October 1, 2015. The Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof, as shall be requested by the original purchaser, and, subject to adjustment as permitted by Section 8 hereof, shall mature, subject to prior redemption, either serially or through mandatory redemption on April 1 of each year, in the years 2016 through 2026, inclusive. Attached hereto as Exhibit B is a preliminary debt service estimate of the amortization of the Bonds; provided, however, such amortization may be adjusted in accordance with Section 8 hereof.

(b) Subject to adjustments permitted in Section 8 hereof, Bonds maturing on or before April 1, 2024 shall mature without option of prior redemption and Bonds maturing April 1, 2025 and thereafter, shall be subject to redemption prior to maturity at the option of the County on April 1, 2024 and thereafter, as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date.

If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

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

(c) Pursuant to Section 8 hereof, the County Mayor is authorized to sell the Bonds, or any maturities thereof, as term bonds ("Term Bonds") with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by the County Mayor. In the event any or all the Bonds are sold as Term Bonds, the County shall redeem Term Bonds on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the maturity amounts established pursuant to Section 8 hereof for each redemption date, as such maturity amounts may be adjusted pursuant to Section 8 hereof, at a price of par plus accrued interest thereon to the date of redemption. The Term Bonds to be redeemed within a single maturity shall be selected in the manner described in subsection (b) above.

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

(d) Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the County not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and

when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the County pursuant to written instructions from an authorized representative of the County (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

(e) The County Mayor is hereby authorized and directed to appoint the Registration Agent for the Bonds and the Registration Agent so appointed is authorized and directed to maintain Bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance or upon transfer, to effect transfers of the Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Bonds as provided herein, to cancel and destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the County at least annually a certificate of destruction with respect to Bonds canceled and destroyed, and to furnish the County at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds. The County Mayor is hereby authorized to execute and the County Clerk is hereby authorized to attest such written agreement between the County and the Registration Agent as they shall deem necessary and proper with respect to the obligations, duties and rights of the Registration Agent. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

(f) The Bonds shall be payable, both principal and interest, in lawful money of the United States of America at the main office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds by check or draft on each interest payment date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by depositing said payment in the United States mail, postage prepaid, addressed to such owners at their addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the County in respect of such Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. In the event the Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

(g) Any interest on any Bond that is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the

registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the County 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 County 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 County shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the County of such Special Record Date and, in the name and at the expense of the County, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the County to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Bonds when due.

(h) The Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Bond or the Bond to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the County to call such Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the County nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bonds shall be overdue. The Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in any authorized denomination or denominations.

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

(j) Except as otherwise provided in Section 8 hereof, the Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds.

References in this Section to a Bond or the Bonds shall be construed to mean the Bond or the Bonds that are held under the Book-Entry System. One Bond for each maturity shall be issued to DTC and immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

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

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

In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the County determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, the County shall discontinue the Book-Entry System with DTC. If the County fails to identify another qualified securities depository to replace DTC, the County shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner.

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

(k) The Registration Agent is hereby authorized to take such action 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, teletype or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the owners of the Bonds, provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.

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

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

Section 5. Source of Payment. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County. The full faith and credit of the County are hereby irrevocably pledged to the payment of principal of, premium, if any, and interest on the Bonds.

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

(Form of Face of Bond)

REGISTERED
Number _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF SULLIVAN
GENERAL OBLIGATION PUBLIC IMPROVEMENT REFUNDING BOND, SERIES _____

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

Registered Owner: CEDE & CO.

Principal Amount:

FOR VALUE RECEIVED, Sullivan County, Tennessee (the "County") hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth (or upon earlier redemption as set forth herein), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date [or redemption date], said interest being payable on [October 1, 2015], and semi-annually thereafter on the first day of [April] and [October] in each year until this Bond matures [or is redeemed]. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the principal corporate trust office of _____, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond on each interest payment date directly to the registered owner hereof shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at such owner's address shown on said Bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the County to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of [and premium, if any, on] this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution, pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the County and the Registration Agent shall treat Cede & Co., as the only owner of the Bonds for all purposes under the Resolution, including receipt of all principal of, [premium, if any,] and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal and interest [and redemption premium, if any,] with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the County nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the County determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect its interests or the interests of the Beneficial Owners of the Bonds, the County may discontinue the book-entry system with DTC. If the County fails to identify another qualified securities depository to replace DTC, the County shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. Neither the County nor the Registration Agent shall have any responsibility or obligations to any DTC Participant or any Beneficial Owner with respect to (i) the Bonds; (ii) the

accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners, (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

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

[Bonds of the issue of which this Bond is one maturing April 1, ____ through April 1, ____, inclusive, shall mature without option of prior redemption, and Bonds maturing April 1, ____ and thereafter shall be subject to redemption prior to maturity at the option of the County on April 1, ____ and thereafter, as a whole or in part, at any time, at the redemption price of par plus interest accrued to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Board of County Commissioners of the County, in its discretion. If less than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

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

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

[Subject to the credit hereinafter provided, the County shall redeem Bonds maturing _____ on the redemption dates set forth below opposite the maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as securities depository for the series of Bonds of which this Bond is one, or such Person as shall then be serving as the securities depository for the Bonds, shall determine the interest of each Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

Final
Maturity

Redemption
Date

Principal Amount
of Bonds
Redeemed

*Final Maturity

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

Notice of call for redemption[, whether optional or mandatory,] shall be given by the Registration Agent not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth in the Resolution, as hereafter defined. In the case of a Conditional Redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.]

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

This Bond is one of a total authorized issue aggregating \$_____ and issued by the County for the purpose of providing funds [to refund the County's outstanding General Obligation Bonds, Series 2005, dated June 1, 2005, maturing May 1, 20__ through May 1, 20__, inclusive, and School Refunding Bonds, Series 2005, dated September 1, 2005, maturing April 1, 20__ through April 1, 20__, inclusive, and to prepay the Equipment Lease-Purchase Agreement, dated September 15, 2014 with Motorola Solutions, Inc., under] and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101, et seq. and 49-3-1001, et seq., Tennessee Code Annotated, and pursuant to a resolution duly adopted by the Board of County Commissioners of the County on December 15, 2014 (the "Resolution").

This Bond is payable from unlimited ad valorem taxes to be levied on all taxable property within the County and the full faith and credit of the County is irrevocably pledged to the payment of principal of, premium, if any, and interest on the Bonds. For a more complete statement of the general covenants and provisions pursuant to which this Bond is issued, reference is hereby made to said Resolution.

This Bond and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Bond during the period the Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bond in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the County, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the County has caused this Bond to be signed by its County Mayor with his manual or facsimile signature and attested by its County Clerk with her manual or facsimile signature under an impression or facsimile of the corporate seal of the County, all as of the date hereinabove set forth.

SULLIVAN COUNTY

BY: _____
County Mayor

(SEAL)

ATTESTED:

County Clerk

Transferable and payable at the principal corporate trust office of: _____

Date of Registration: _____

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

Registration Agent

By: _____
Authorized Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto _____, whose address is _____ (Please insert Federal Identification or Social Security Number of Assignee _____), the within Bond of Sullivan County, Tennessee, and does hereby irrevocably constitute and appoint _____, attorney, to transfer the said Bond on the records kept for registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

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

Section 7. Pledge of Net Revenues and Levy of Tax. The County, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the County in addition to all other taxes authorized by law, sufficient to pay principal of, premium, if any, and interest on the Bonds when due and for that purpose there is hereby levied a direct annual tax in such amount as may be found necessary each year to pay principal and interest coming due on the Bonds in said year. Principal and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the County and reimbursement therefor shall be made out of the taxes hereby provided to be levied when the same shall have been collected. The tax herein provided may be reduced to the extent of any appropriations from other funds, taxes and revenues of the County, to the payment of debt service on the Bonds.

Section 8. Sale of Bonds.

The Bonds shall be offered for public sale, as required by law, in one or more series, at a price of not less than ninety-nine percent (99%) of par, plus accrued interest, as a whole or in part from time to time as shall be determined by the County Mayor.

The Bonds, or any series thereof, shall be sold by delivery of bids via physical delivery, mail, fax, or telephone or by electronic bidding means of an Internet bidding service as shall be determined by the County Mayor.

If the Bonds are sold in more than one series, the County Mayor is authorized to cause to be sold in each series an aggregate principal amount of Bonds less than that shown in Section 4 hereof for each series, so long as the total aggregate principal amount of all series issued does not exceed the total aggregate of Bonds authorized to be issued herein.

The County Mayor is further authorized with respect to each series of Bonds to:

change the dated date of the Bonds or any series thereof, to a date other than the date of issuance of the Bonds;

change the designation of the Bonds, or any series thereof, to a designation other than "General Obligation Public Improvement Refunding Bonds" and to specify the series designation of the Bonds, or any series thereof;

change the first interest payment date on the Bonds or any series thereof to a date other than October 1, 2015, provided that such date is not later than twelve months from the dated date of such series of Bonds;

adjust the principal and interest payment dates and the maturity amounts of the Bonds, or any series thereof, provided that (A) the total principal amount of all series of the Bonds does not exceed the total amount of Bonds authorized herein necessary to refund the Refunded Bonds or

prepay the Lease; and (B) the final maturity date of each series shall not exceed the end of the fiscal year of the final maturity of the Outstanding Obligations refunded by such series;

adjust the County's optional redemption provisions of the Bonds including making the Bonds non-callable prior to maturity, 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;

to refinance less than all of the Outstanding Obligations to maximize the objectives of refinancing the Outstanding Obligations;

sell the Bonds, or any series thereof, or any maturities thereof as Term Bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as otherwise determined by the County Mayor, as she shall deem most advantageous to the County; and

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 if such insurance is requested and paid for by the winning bidder of the Bonds, or any series thereof.

The County Mayor is authorized to sell the Bonds, or any series thereof, simultaneously with any other bonds or notes authorized by resolution or resolutions of the Governing Body. The County 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 Governing Body, in one or more series as she shall deem to be advantageous to the County and in doing so, the County Mayor is authorized to change the designation of the Bonds to a designation other than "General Obligation Public Improvement Refunding Bonds"; provided, however, that the total aggregate principal amount of combined bonds to be sold does not exceed the total aggregate principal amount of Bonds authorized by this resolution or bonds authorized by any other resolution or resolutions adopted by the Governing Body.

The County 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 County, provided the rate or rates on the Bonds do not exceed the maximum rate permitted by applicable Tennessee law at the time of the issuance of the Bonds or any series thereof. The award of the Bonds by the County Mayor to the lowest bidder shall be binding on the County, and no further action of the Governing Body with respect thereto shall be required. If permitted in the notice of sale for the Bonds, or any series thereof: (i) the successful bidder may request that the Bonds, or any such series thereof, be issued in the form of fully registered certificated Bonds in the name of the successful bidder or as directed by the successful bidder, in lieu of registration using the Book-Entry System, and (ii) the successful bidder may assign its right to purchase the Bonds, or any series thereof, to a third party provided, however, that upon such assignment, the successful bidder shall remain obligated to perform all obligations relating to the purchase of the Bonds as the successful bidder, including the delivery of a good faith deposit, the execution of required documents and the payment of the purchase price, if such successful bidder's assignee does not perform any of such obligations.

The County Mayor and County Clerk are authorized to cause the Bonds to be authenticated and delivered by the Registration Agent to the successful bidder, or as the successful bidder directs, 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. The County Mayor is hereby authorized to enter into a contract with the Financial Advisor, for financial advisory services in connection with the sale of the Bonds and to enter into a contract with Bass, Berry & Sims PLC to serve as bond counsel in connection with the Bonds in substantially the form presented as

Exhibit C, with such changes as may be approved by the County Mayor as evidenced by his execution thereof.

The form of the Bond set forth in Section 6 hereof, shall be conformed to reflect any changes made pursuant to this Section 8 hereof.

No Bonds shall be issued as “balloon indebtedness” under Tennessee Code Annotated, Section 9-21-134 except upon receipt of approval of the Director of State and Local Government unless otherwise exempt.

No Bonds shall be issued related to the prepayment of the Lease until publication of the Initial Resolution in a newspaper of general circulation in the County and the passage of twenty (20) days from the date of publication thereof.

Section 9. Disposition of Bond Proceeds. The proceeds of the sale of each series of the Bonds shall be applied by the County as follows:

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

(b) an amount, which together with legally available funds of the County, if any, and investment earnings thereon, will be sufficient to pay principal of, premium, if any, and interest on the Refunded Bonds and the Lease until and through the redemption date or the prepayment date, as the case may be. therefor shall be transferred to the Escrow Agent under the Refunding Escrow Agreement to be deposited to the Escrow Fund established thereunder to be held and applied as provided therein; and

(c) the remainder of the proceeds of the sale of the Bonds shall be used to pay the costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, bond insurance premium, if any, administrative and clerical costs, rating agency fees, verification agent fees, Registration Agent fees, and other miscellaneous expenses incurred in connection with the issuance and sale of the Bonds.

(d) In accordance with state law, the various department heads responsible for the fund or funds receiving and disbursing funds are hereby authorized to amend the budget of the proper fund or funds for the receipt of proceeds from the issuance of the obligations authorized by this resolution including bond and note proceeds, accrued interest, reoffering premium and other receipts from this transaction. The department heads responsible for the fund or funds are further authorized to amend the proper budgets to reflect the appropriations and expenditures of the receipts authorized by this resolution.

Section 10. Official Statement. The County Mayor, the Director of Accounts and Budgets, and the County Clerk, or any of them, are hereby authorized and directed to provide for the preparation and distribution, which may include electronic distribution, of a Preliminary Official Statement describing the Bonds. After bids have been received and the Bonds have been awarded, the County Mayor, the Director of Accounts and Budgets and the County Clerk, or any of them, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The County Mayor, the Director of Accounts and Budgets and the County Clerk, or any of them, shall arrange for the delivery to the successful bidder on the Bonds of a reasonable number of copies of the Official Statement within seven business days after the Bonds have been awarded for delivery, by the successful bidder on the Bonds, to each potential

investor requesting a copy of the Official Statement and to each person to whom such bidder and members of his bidding group initially sell the Bonds.

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

If the winning bidder or its purchaser or assignee does not intend to reoffer the Bonds to the public as evidenced by a certificate executed by the winning bidder and/or its purchaser or assignee, then an Official Statement is authorized, but not required, as shall be determined by the County Mayor in consultation with the Financial Advisor and Bond Counsel.

Section 11. Refunding Escrow Agreement. For the purpose of providing for the payment of the principal of, premium, if any, and interest on the Refunded Bonds and to prepay all or a portion of the Lease, the County Mayor is hereby authorized and directed to execute and the County Clerk to attest on behalf of the County the Refunding Escrow Agreement with the Escrow Agent and to deposit with the Escrow Agent the amounts to be used by the Escrow Agent to purchase Government Securities as provided therein; provided, however, that the yield on such investments shall be determined in such manner that none of the Refunded Bonds or the Lease will be an "arbitrage bond" within the meaning of Section 148 (a) of the Code. The form of the Refunding Escrow Agreement presented to this meeting and attached hereto as Exhibit D is hereby in all respects approved and the County Mayor and the County Clerk are hereby authorized and directed to execute and deliver same on behalf of the County in substantially the form thereof presented to this meeting, or with such changes as may be approved by the County Mayor and County Clerk, their execution thereof to constitute conclusive evidence of their approval of all such changes. The Escrow Agent is hereby authorized and directed to hold and administer all funds deposited in trust for the payment when due of principal of, premium, if any, and interest on the Refunded Bonds and to exercise such duties as set forth in the Refunding Escrow Agreement.

Section 12. Notice of Refunding. Prior to the issuance of the Bonds, or any series thereof, if required, notice of the County's intention to refund the Refunded Bonds, shall be given by the registration agent for the Refunded Bonds to be mailed by first-class mail, postage prepaid, to the registered holders thereof, as of the date of the notice, as shown on the bond registration records maintained by such registration agent of said Refunded Bonds. Such notice shall be in the form consistent with applicable law. The County Mayor, the Director of Accounts and Budgets and the County Clerk, or any of them, is hereby authorized and directed to authorize the registration agent of said Refunded Bonds to give such notice on behalf of the County in accordance with this Section. The County Mayor, the Director of Accounts and Budgets and the County Clerk, or any of them, is authorized to give notice of prepayment of the Lease.

Section 13. Tax Matters. The County recognizes that the purchasers and owners of each series of the Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon is excludable from gross income for purposes of federal income taxation under laws in force on the date of delivery of such Bonds. In this connection, the County agrees that it shall take no action which may cause the interest on any Bonds to be included in gross income for federal income taxation. It is the reasonable expectation of the Governing Body of the County that the proceeds of the Bonds will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the

meaning of Section 148 of the Code, and to this end the said proceeds of each series of the Bonds and other related funds established for the purposes herein set out shall be used and spent expeditiously for the purposes described herein. The Governing Body further covenants and represents that in the event it shall be required by Section 148(f) of the Code to pay any investment proceeds of the Bonds to the United States government, it will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Bonds from becoming taxable. The County Mayor, the County Clerk and the Finance Director, or any of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as either or both shall deem appropriate, and such certifications shall constitute a representation and certification of the County. Following the issuance of the Bonds, the Accounts and Budget Director is directed to administer the County's Federal Tax Compliance Policies and Procedures with respect to the Bonds.

Section 14. Discharge and Satisfaction of Bonds. If the County shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways, to wit:

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

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

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

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

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

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

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

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

Section 17. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 18. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Adopted and approved this 15th day of December, 2014.

County Mayor

ATTEST:

County Clerk

STATE OF TENNESSEE)

COUNTY OF SULLIVAN)

I, Jeannie Gammon, certify that I am the duly qualified and acting County Clerk of Sullivan County, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the governing body of the County held on December 15, 2015; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to the refunding of certain of the County's outstanding General Obligation Public Improvement Refunding Bonds.

WITNESS my official signature and seal of said County this 15th day of December, 2014.


County Clerk

(SEAL)

EXHIBIT A

REPORT ON PLAN OF REFUNDING

EXHIBIT B

PRELIMINARY DEBT SERVICE ESTIMATE AND ESTIMATED COSTS OF ISSUANCE

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/30/2015	-	-	-	-
06/30/2016	1,295,000.00	0.450%	633,963.76	1,928,963.76
06/30/2017	2,660,000.00	0.700%	540,170.00	3,200,170.00
06/30/2018	2,900,000.00	1.000%	521,550.00	3,421,550.00
06/30/2019	2,975,000.00	1.300%	492,550.00	3,467,550.00
06/30/2020	3,055,000.00	1.700%	453,875.00	3,508,875.00
06/30/2021	3,160,000.00	2.000%	401,940.00	3,561,940.00
06/30/2022	3,300,000.00	2.300%	338,740.00	3,638,740.00
06/30/2023	3,420,000.00	2.500%	262,840.00	3,682,840.00
06/30/2024	3,565,000.00	2.600%	177,340.00	3,742,340.00
06/30/2025	1,760,000.00	2.750%	84,650.00	1,844,650.00
06/30/2026	1,250,000.00	2.900%	36,250.00	1,286,250.00
Total	529,340,000.00	-	53,943,868.76	533,283,868.76

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 5-21-151)

1. Public Entity:
 Name: Sullivan County, Tennessee
 Address: 3411 Highway 126
Blountville, Tennessee 37617
 Debt Issue Name: General Obligation Public Improvement Refunding Bonds, Series 2015
If financing initially for a program, attach the form specified for updates, indicating the frequency required.

2. Face Amount: \$ 29,340,000.00
 Premium/Discount: \$ _____

3. Interest Cost: _____ % Tax-Exempt Taxable
 TIC NIC
 Variable: Index _____ plus _____ basis points, or
 Variable: Remarketing Agent _____
 Other: _____

4. Debt Obligation:
 TRAN PAN CON
 BAN CRAN SAN
 Bond Loan Agreement Capital Lease
If any of the rates listed above are issued pursuant to Title 6, Chapter 23, include a copy of the resolution with the filing with the Office of State and Local Finance (OSLF).

5. Ratings:
 Not Rated
 Moody's _____ Standard & Poor's _____ Fitch _____

6. Purpose:

		BRIEF DESCRIPTION
<input type="checkbox"/> General Government	_____ %	_____
<input type="checkbox"/> Education	_____ %	_____
<input type="checkbox"/> Utilities	_____ %	_____
<input type="checkbox"/> Other	_____ %	_____
<input checked="" type="checkbox"/> Refunding/Renewal	100.00 %	Refund and prepay certain outstanding obligations

7. Security:
 General Obligation General Obligation + Revenue/Tax
 Revenue Tax Increment Financing (TIF)
 Annual Appropriation (Capital Lease Only) Other (Describe): _____

8. Type of Sale:
 Competitive Public Sale Intertune Loan _____
 Negotiated Sale Loan Program _____
 Informal Bid _____

9. Date:
 Saled Date: _____ Issue/Closing Date: _____

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-102)

10. Maturity Dates, Amounts and Interest Rates ^a:

Year	Amount	Interest Rate	Year	Amount	Interest Rate
2016	\$	4%		\$	4%
2017	\$	4%		\$	4%
2018	\$	4%		\$	4%
2019	\$	4%		\$	4%
2020	\$	4%		\$	4%
2021	\$	4%		\$	4%
2022	\$	4%		\$	4%
2023	\$	4%		\$	4%
2024	\$	4%		\$	4%
2025	\$	4%		\$	4%
2026	\$	4%		\$	4%

If more space is needed, attach an additional sheet.

If (1) the debt has a five maturity of 15 or more years from the date of issuance, (2) principal repayment is delayed for two or more years, or (3) debt service payments are not level throughout the retirement period, then a cumulative repayment schedule (grouped in 5 year increments out to 10 years) including this and all other entity debt secured by the same source **MUST BE PREPARED AND ATTACHED**. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what level(s), is considered secured by the same source.

^a This section is not applicable to the Initial Report for a Borrowing Program.

11. Cost of Issuance and Professionals:

No costs or professionals

	AMOUNT	FIRM NAME
	(Round to nearest \$)	
Financial Advisor Fees	\$ 50,000	Stephens Inc.
Legal Fees	\$ 0	
Bond Counsel	\$ 45,000	East, Berry & Sims, PLC
Issuer's Counsel	\$ 0	
Trustee's Counsel	\$ 0	
Bank Counsel	\$ 0	
Disclosure Counsel	\$ 0	
Paying Agent Fees	\$	
Registrar Fees	\$ 300	
Trustee Fees	\$ 300	
Remarketing Agent Fees	\$ 0	
Liquidity Fees	\$ 0	
Rating Agency Fees	\$ 25,000	Moody's Investors Service
Credit Enhancement Fees	\$ 0	
Bank Closing Costs	\$	
Underwriter's Discount 1.69%		
Take Down	\$ 148,760	
Management Fee	\$ 0	
Risk Premium	\$ 0	
Underwriter's Counsel	\$ 0	
Other expenses	\$ 0	
Printing and Advertising Fees	\$ 7,438	i-Deal
Issuer/Administrator Program Fees	\$ 0	
Real Estate Fees	\$ 0	
Sponsorship/Referral Fee	\$ 0	
Other Costs	\$ 4,873	Grant Thornton: travel, copying
TOTAL COSTS	\$ 281,601	

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 8-21-151)

12. Recurring Costs:

No Recurring Costs

	AMOUNT (Dollars and Cents)	FIRM NAME (If different from #11)
Remarketing Agent		
Paying Agent / Registrar	300	
Trustee		
Liquidity / Credit Enhancement		
Escrow Agent	300	
Sponsorship / Program / Admin		
Other		

13. Disclosure Document / Official Statement:

None Prepared

EMMA link _____ of _____

Copy attached

14. Continuing Disclosure Obligations:

Is there an existing continuing disclosure obligation related to the security for this debt? Yes No

Is there a continuing disclosure obligation agreement related to this debt? Yes No

If yes to either question, date that disclosure is due June 30

Name and title of person responsible for compliance Accounts and Budgets Director

15. Written Debt Management Policy:

Governing Body's approval date of the current version of the written debt management policy 12/18/2011

Is the debt obligation in compliance with and clearly authorized under the policy? Yes No

16. Written Derivative Management Policy:

No derivative

Governing Body's approval date of the current version of the written derivative management policy _____

Date of Letter of Compliance for derivative _____

Is the derivative in compliance with and clearly authorized under the policy? Yes No

17. Submission of Report:

To the Governing Body: on _____ and presented at public meeting held on _____

Copy to Director to OSLE: on _____ either by: _____

Mail to: _____ OR Email to: StateAndLocalFinance.PublicOutform@mail.tn.gov

505 Deaderick Street, Suite 1400
James K. Polk State Office Building
Nashville, TN 37243-1402

18. Signatures:

	AUTHORIZED REPRESENTATIVE	PREPARED
Name	<u>Richard S. Venable</u>	<u>Karen S. Neal</u>
Title	<u>County Mayor</u>	<u>Member</u>
Firm		<u>Bass, Berry & Sims PLC</u>
Email		<u>kneal@bassberry.com</u>
Date		

EXHIBIT C

FORM OF ENGAGEMENT LETTER

LETTERHEAD OF BASS, BERRY & SIMS PLC

December __, 2014

Sullivan County, Tennessee
3411 Highway 126
Blountville, Tennessee 37617
Attention: Richard S. Venable, County Mayor

**Re: Issuance of Approximately \$29,340,000 in Aggregate Principal Amount of
General Obligation Public Improvement Refunding**

Dear Mayor Venable:

The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as bond counsel to Sullivan County, Tennessee (the "Issuer"), in connection with the issuance of the above-referenced bonds (the "Bonds"). We understand that the Bonds are being issued for the purpose of providing funds necessary to refinance all or a portion of certain of the Issuer's outstanding bonds and to pay costs of issuance of the Bonds, as more fully set forth in the resolution adopted by the County Commission on December 15, 2014. We further understand that the Bonds will be sold at a competitive public sale.

SCOPE OF ENGAGEMENT

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

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

6. Assist the Issuer in presenting information to bond rating organizations and providers of credit enhancement relating to legal issues affecting the issuance of the Bonds, if requested.
7. Prepare and review the notice of sale pertaining to the competitive sale of the Bonds, if any, and review the bond purchase agreement, if sold at negotiated sale.

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

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

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

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

- g. Opining on any continuing disclosure undertaking pertaining to the Bonds or, after Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking.
- h. Representing the Issuer in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.
- i. Addressing any other matter not specifically set forth above that is not required to render our Bond Opinion.

ATTORNEY-CLIENT RELATIONSHIP

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

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

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

FEES

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Bonds; (ii) the duties we will undertake pursuant to this engagement letter; (iii) the time we anticipate devoting to the financings; and (iv) the responsibilities we will assume in connection therewith, we estimate that our fee will be \$45,000 for the Bonds. Our fees may vary: (a) if the principal amount of Bonds actually issued differs significantly from the amounts stated above; (b) if material changes in the structure or schedule of the respective financings occur; or (c) if unusual or unforeseen circumstances arise which require a significant increase in our time or responsibility. If, at any time, we believe that circumstances require an adjustment of our original fee estimates, we will advise you and prepare and provide to you an amendment to this engagement letter. The fees quoted

above will include all out-of-pocket expenses advanced for your benefit, such as travel costs, photocopying, deliveries, long distance telephone charges, telecopier charges, filing fees, computer-assisted research and other expenses.

If, for any reason, the financing represented by the Bonds is completed without the delivery of our Bond Opinion as bond counsel or our services are otherwise terminated, we will expect to be compensated at our normal rates for the time actually spent on your behalf plus client charges as described above unless we have failed to meet our responsibilities under this engagement, but in no event will our fees exceed the amount set forth above.

RECORDS

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

OTHER MATTERS

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

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

CONCLUSION

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

SULLIVAN, TENNESSEE:

BASS, BERRY & SIMS PLC:

By: _____
Richard S. Venable, County Mayor

By: _____
Karen S. Neal, Member

EXHIBIT D

FORM OF REFUNDING ESCROW AGREEMENT

This Refunding Escrow Agreement is made and entered into as of the _____ day of _____, 2013 by and between Sullivan County, Tennessee (the "County"), and _____, _____ (the "Agent").

WITNESSETH:

WHEREAS, the County has previously issued its General Obligation Bonds, Series 2005, dated June 1, 2005, maturing May 1, 2016 through May 1, 2025, inclusive, issued pursuant to Sections 9-21-901 et seq., and 49-3-1001 et seq., Tennessee Code Annotated, and School Refunding Bonds, Series 2005, dated September 1, 2005, maturing April 1, 2016 through April 1, 2024, inclusive (collectively, the "Outstanding Bonds"); and

WHEREAS, the County has previously entered into an Equipment Lease-Purchase Agreement, dated September 15, 2014, payable October 1, 2016 through October 1, 2025 (the "Lease" and collectively with the Outstanding Bonds, the "Outstanding Obligations") with Motorola Solutions, Inc.; and

WHEREAS, the County has determined to provide for the refinancing of the Outstanding Obligations by depositing in escrow with the Agent funds as herein provided; and

WHEREAS, in order to obtain a portion of the funds to be applied as herein provided, the County has authorized and issued its General Obligation Public Improvement Refunding Bonds, Series [2015] (the "Refunding Bonds"); and

WHEREAS, a portion of the proceeds derived from the sale of the Refunding Bonds will be deposited, along with other available monies of the County, in escrow with the Agent hereunder and applied as herein provided; and

WHEREAS, in order to create the escrow hereinabove described, provide for the deposit of a portion of proceeds of said Refunding Bonds and other available monies of the County and the application thereof, and to provide for the payment of the debt service on the Outstanding Obligations, the parties hereto do hereby enter into this Agreement.

NOW, THEREFORE, the County, in consideration of the foregoing and the mutual covenants herein set forth, does by these presents hereby grant, warrant, demise, release, convey, assign, transfer, alien, pledge, set over and confirm, to the Agent, and to its successors hereunder, and to it and its assigns forever, in escrow, all and singular the property hereinafter described to wit:

DIVISION I

All right, title and interest of the County in and to \$_____ (consisting of \$_____ derived from the proceeds of the sale of the Refunding Bonds and \$_____ other available monies of the County).

DIVISION II

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred in escrow hereunder by the County or by

anyone in its behalf to the Agent, which is hereby authorized to receive the same at any time to be held in escrow hereunder.

DIVISION III

All property that is by the express provisions of this Agreement required to be subject to the pledge hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subject to the pledge hereof, by the County or by anyone in its behalf, and the Agent is hereby authorized to receive the same at any time to be held in escrow hereunder.

TO HAVE AND TO HOLD, all and singular, the escrowed property, including all additional property which by the terms hereof has or may become subject to this Agreement, unto the Agent, and its successors and assigns, forever.

ARTICLE I

DEFINITIONS AND CONSTRUCTION

SECTION 1.01. Definitions. In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended:

“Agent” means _____, _____, _____, its successors and assigns.

“Agreement” means this Refunding Escrow Agreement, dated as of the date of the Refunding Bonds, between the County and the Agent.

“County” means the Sullivan County, Tennessee.

“Escrow Fund” shall have the meaning ascribed to it in Section 2.01 hereof.

“Escrow Property”, “escrow property” or “escrowed property” means the property, rights and interest of the County that are described in Divisions I through III of this Agreement and hereinabove conveyed in escrow to the Agent.

“Outstanding Obligations” has the meanings in the recitals hereto.

“Refunding Bonds” has the meanings in the recitals hereto.

“Written Request” shall mean a request in writing signed by the County Mayor of the County or by any other officer or official of the County duly authorized by the County to act in her place.

SECTION 1.02. Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word “person” shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

ARTICLE II

ESTABLISHMENT AND ADMINISTRATION OF FUNDS

SECTION 2.01. Creation of Escrow; Deposit of Funds. The County hereby creates and establishes with the Agent a special and irrevocable escrow composed of the Escrowed Property and hereby deposits with the Agent and the Agent hereby acknowledges receipt of \$ _____ as described in Division I hereof. The monies so deposited, together with investment income therefrom, is herein referred to as the "Escrow Fund" and shall constitute a fund to be held by the Agent as a part of the Escrowed Property created, established, and governed by this Agreement.

SECTION 2.02. Investment of Funds. The monies described in Section 2.01 hereof shall be held or invested as follows:

the amount of \$ _____ shall be used to purchase the Government Securities described on Exhibit B attached hereto; and

the amount of \$ _____ shall be held as cash in a non-interest-bearing account.

Except as provided in Sections 2.04 and 2.06 hereof, the investment income from the Government Securities in the Escrow Fund shall be credited to the Escrow Fund and shall not be reinvested. The Agent shall have no power or duty to invest any monies held hereunder or to make substitutions of Government Securities held hereunder or to sell, transfer, or otherwise dispose of the Government Securities acquired hereunder except as provided herein.

SECTION 2.03. Disposition of Escrow Funds. The Agent shall without further authorization or direction from the County collect the principal on the Government Securities promptly as the same shall fall due. From the Escrow Fund, to the extent that monies therein are sufficient for such purpose, the Agent shall make timely payments to the proper paying agent or agents, or their successors, for the Outstanding Obligations of monies sufficient for the payment of the principal of and interest on the Outstanding Obligations as the same shall become due and payable. Amounts and dates of principal and interest payments and the name and address of the paying agent with respect to the Outstanding Obligations are set forth on Exhibit A. Payment on the dates and to the paying agent in accordance with Exhibit A shall constitute full performance by the Agent of its duties hereunder with respect to each respective payment. The County represents and warrants that the Escrow Fund, if held, invested and disposed of by the Agent in accordance with the provisions of this Agreement, will be sufficient to make the foregoing payments. No paying agent fees, fees and expenses of the Agent, or any other costs and expenses associated with the Refunding Bonds or the Outstanding Obligations shall be paid from the Escrow Fund, and the County agrees to pay all such fees, expenses, and costs from its legally available funds as such payments become due. When the Agent has made all required payments of principal and interest on the Outstanding Obligations to the paying agent as hereinabove provided, the Agent shall transfer any monies or Government Securities then held hereunder to the County and this Agreement shall terminate.

SECTION 2.04. Excess Funds. Except as provided in Section 2.06 hereof, amounts held by the Agent, representing interest on the Government Securities in excess of the amount necessary to make the corresponding payment of principal and/or interest on the Outstanding Obligations, shall be held by the Agent without interest and shall be applied before any other Escrow Fund monies to the payment of the next ensuing principal and/or interest payment on the Outstanding Obligations. Upon retirement of all the Outstanding Obligations, the Agent shall pay any excess amounts remaining in the Escrow Fund to the County.

SECTION 2.05. Reports. The Escrow Agent shall deliver to the County Clerk of the County a monthly report summarizing all transactions relating to the Escrow Fund; and on or before the first day of August of each year shall deliver to the County Clerk and the Finance Director a report current as of June 30 of that year, which shall summarize all transactions relating to the Escrow Fund effected during the immediately preceding fiscal year of the County and which also shall set forth all assets in the Escrow Fund as of June 30 and set forth opening and closing balances thereof for that fiscal year.

SECTION 2.06. Investment of Moneys Remaining in Escrow Fund. The Agent may invest and reinvest any monies remaining from time to time in the Escrow Fund until such time as they are needed. Such monies shall be invested in Government Obligations, maturing no later than the next interest payment date of the Outstanding Obligations, or for such periods or at such interest rates as the Agent shall be directed by Written Request, provided, however, that the County shall furnish the Agent, as a condition precedent to such investment, with an opinion from nationally recognized bond counsel stating that such reinvestment of such monies will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Outstanding Obligations not to be excluded from gross income for Federal income tax purposes and that such investment is not inconsistent with the statutes and regulations applicable to the Refunding Bonds or the Outstanding Obligations. Any interest income resulting from reinvestment of monies pursuant to this Section 2.06 shall be applied first to the payment of principal of and interest on the Outstanding Obligations to the extent the Escrow is or will be insufficient to retire the Outstanding Obligations as set forth on Exhibit A and any excess shall be paid to the County to be applied to the payment of the Refunding Bonds or the expenses of issuance thereof.

SECTION 2.07. Irrevocable Escrow Created. The deposit of monies in the Escrow Fund shall constitute an irrevocable deposit of said monies for the benefit of the holder of the Outstanding Obligations except as provided herein with respect to amendments permitted under Section 4.01 hereof. All the funds and accounts created and established pursuant to this Agreement shall be and constitute escrow funds for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of the County and the Agent and used only for the purposes and in the manner provided in this Agreement.

SECTION 2.08. Redemption and Prepayment of the Outstanding Obligations. The Outstanding Obligations shall be redeemed or prepaid, as the case may be, as stated on Exhibit C attached hereto. The Agent is authorized to give notice to the paying agent for the Outstanding Bonds not less than 45 days prior to the stated redemption date of the Outstanding Bonds directing the paying agent bank to give notice to the respective holders of the Outstanding Bonds as and when required by the resolution authorizing the Outstanding Bonds. The Agent is authorized to give notice to the County not less than sixty days prior to the prepayment date of the Lease directing the County to give not less than thirty days' notice of prepayment to the Motorola Solutions, Inc., the Lessor.

ARTICLE III

CONCERNING THE AGENT

SECTION 3.01. Appointment of Agent. The County hereby appoints the Agent as escrow agent under this Agreement.

SECTION 3.02. Acceptance by Agent. By execution of this Agreement, the Agent accepts the duties and obligations as Agent hereunder. The Agent further represents that it has all requisite power, and has taken all corporate actions necessary to execute the escrow hereby created.

SECTION 3.03. Liability of Agent. The Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the County or any paying agent of its obligations, or to protect any of the County's rights under any bond proceedings or any of the County's other contracts with or franchises or privileges from any state, county, municipal or other governmental agency or with any person. The Agent shall not be liable for any act done or step taken or omitted to be taken by it, or for any mistake of fact or law, or anything which it may do or refrain from doing, except for its own negligence or willful misconduct in the performance or nonperformance of any obligation imposed upon it hereunder. The Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein or in the Outstanding Bonds or in the Refunding Bonds or in any proceedings taken in connection therewith, but they are made solely by the County. The Agent shall have no lien whatsoever upon any of the monies or investments in the Escrow Fund for the payment of fees and expenses for services rendered by the Agent under this Agreement.

The Agent shall not be liable for the accuracy of the calculations as to the sufficiency of Escrow Fund monies and Government Securities and the earnings thereon to pay the Outstanding Bonds. So long as the Agent applies any monies, the Government Securities to pay the Outstanding Bonds as provided herein, and complies fully with the terms of this Agreement, the Agent shall not be liable for any deficiencies in the amounts necessary to pay the Outstanding Bonds caused by such calculations. The Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Agreement and in full compliance with the provisions hereof.

In the event of the Agent's failure to account for any of the Government Securities or monies received by it, said Government Securities or monies shall be and remain the property of the County in escrow for the benefit of the holders of the Outstanding Bonds, as herein provided, and if for any improper reason such Government Securities or monies are applied to purposes not provided for herein or misappropriated by the Agent, the assets of the Agent shall be impressed with a trust for the amount thereof until the required application of such funds shall be made or such funds shall be restored to the Escrow Fund.

SECTION 3.04. Permitted Acts. The Agent and its affiliates may become the owner of or may deal in the Refunding Bonds as fully and with the same rights as if it were not the Agent.

SECTION 3.05. Exculpation of Funds of Agent. Except as set forth in Section 3.03, none of the provisions contained in this Agreement shall require the Agent to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided.

SECTION 3.06. Qualifications of Agent. There shall at all times be an Agent hereunder that shall be a corporation or banking association organized and doing business under the laws of the United States or any state, located in the State of Tennessee, authorized under the laws of its incorporation to exercise the powers herein granted, having a combined capital, surplus, and undivided profits of at least \$75,000,000 and subject to supervision or examination by federal or state authority. If such corporation or association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this paragraph the combined capital, surplus, and undivided profits of such corporation or association shall be deemed to be its combined capital, surplus, and undivided profits as set forth in its most recent report of condition as published. In case at any time the Agent shall cease to be eligible in accordance with the provisions of this section, the Agent shall resign immediately in the manner and with the effect specified herein.

SECTION 3.07. Payment to Agent. The County agrees to pay the Agent, as reasonable and proper compensation under this Agreement the sum of \$_____. The Agent shall be entitled to reimbursement of all advances, counsel fees and expenses, and other costs made or incurred by the Agent in connection with its services and/or its capacity as Agent or resulting therefrom. In addition, the County agrees to pay to the Agent all out-of-pocket expenses and costs of the Agent incurred by the Agent in the performance of its duties hereunder, including all publication, mailing and other expenses associated with the payment of debt service of the Outstanding Bonds; provided, however, that, to the extent permitted by applicable law, the County agrees to indemnify the Agent and hold it harmless against any liability which it may incur while acting in good faith in its capacity as Agent under this Agreement, including, but not limited to, any court costs and attorneys' fees, and such indemnification shall be paid from available funds of the County and shall not give rise to any claim against the Escrow Fund.

SECTION 3.08. Resignation of Agent. The Agent may at any time resign by giving direct written notice to the County and by giving the holder of the Outstanding Bonds by first-class mail of such resignation. Upon receiving such notice of resignation, the County shall promptly appoint a successor escrow agent by resolution of its governing body. If no successor escrow agent shall have been appointed and have accepted appointment within thirty (30) days after the publication of such notice of resignation, the resigning Agent may petition any court of competent jurisdiction located in Sullivan County, Tennessee, for the appointment of a successor, or any holder of the Outstanding Bonds may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor meeting the qualifications set forth in Section 3.06. The Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

SECTION 3.09. Removal of Agent. In case at any time the Agent shall cease to be eligible in accordance with the provisions of Section 3.06 hereof and shall fail to resign after written request therefor by the County or by any holder of the Outstanding Bonds, or the Agent shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Agent or any of its property shall be appointed, or any public officer shall take charge or control of the Agent or its property or affairs for the purpose of rehabilitation, conservation, or liquidation, then in any such case, the County may remove the Agent and appoint a successor by resolution of its governing body or any such holder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction situated in the County for the removal of the Agent and the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, remove the Agent and appoint a successor who shall meet the qualifications set forth in Section 3.08. Unless incapable of serving, the Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

Any resignation or removal of the Agent and appointment of a successor pursuant to any of the provisions of this Agreement shall become effective upon acceptance of appointment by the successor as provided in Section 3.10 hereof.

SECTION 3.10. Acceptance by Successor. Any successor escrow agent appointed as provided in this Agreement shall execute, acknowledge and deliver to the County and to its predecessor an instrument accepting such appointment hereunder and agreeing to be bound by the terms hereof, and thereupon the resignation or removal of the predecessor shall become effective and such successor, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Agent herein; but, nevertheless, on Written Request of the County or the request of the successor, the predecessor shall execute and deliver an instrument transferring to such successor all rights, powers and escrow property of the predecessor. Upon request of any such successor, the County shall execute any and all instruments in writing for more

fully and certainly vesting in and confirming to such successor all such rights, powers and duties. No successor shall accept appointment as provided herein unless at the time of such acceptance such successor shall be eligible under the provisions of Section 3.07 hereof.

Any corporation into which the Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Agent shall be a party, or any corporation succeeding to the business of the Agent, shall be the successor of the Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor shall be eligible under the provisions of Section 3.07 hereof.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. Amendments to this Agreement. This Agreement is made for the benefit of the County, the holders from time to time for the Outstanding Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Agent and the County; provided, however, that the County and the Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Agent for the benefit of the holder[s] of the Outstanding Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holder of the Outstanding Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Notwithstanding the foregoing or any other provision of this Agreement, upon Written Request and upon compliance with the conditions hereinafter stated, the Agent shall have the power to and shall, in simultaneous transactions, sell, transfer, otherwise dispose of or request the redemption of the Government Obligations held hereunder and to substitute therefor direct obligations of, or obligations the principal of and interest on which are fully guaranteed by the United States of America, subject to the condition that such monies or securities held by the Agent shall be sufficient to pay principal of, premium, if any, and interest on the Outstanding Bonds. The County hereby covenants and agrees that it will not request the Agent to exercise any of the powers described in the preceding sentence in any manner which will cause the Outstanding Bonds to be arbitrage bonds within the meaning of Section 148 of the Code in effect on the date of such request and applicable to obligations issued on the issue date of the Refunding Bonds. The Agent shall purchase such substituted securities with the proceeds derived from the maturity, sale, transfer, disposition or redemption of the Government Obligations held hereunder or from other monies available. The transactions may be effected only if there shall have been submitted to the Agent: (1) an independent verification by a nationally recognized independent certified public

accounting firm concerning the adequacy of such substituted securities with respect to principal and the interest thereon and any other monies or securities held for such purpose to pay when due the principal of, premium, if any, and interest on the Outstanding Bonds in the manner required by the proceedings which authorized their issuance; and (2) an opinion from nationally recognized bond counsel to the effect that the disposition and substitution or purchase of such securities will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, or Outstanding Bonds cause the interest on the Outstanding Bonds not to be exempt from Federal income taxation. Any surplus monies resulting from the sale, transfer, other disposition or redemption of the Government Obligations held hereunder and the substitutions therefor of direct obligations of, or obligations the principal of and interest on which is fully guaranteed by, the United States of America, shall be released from the Escrow Fund and shall be transferred to the County.

SECTION 4.02. Severability. If any provision of this Agreement shall be held or deemed to be invalid or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

SECTION 4.03. Governing Law. This Agreement shall be governed and construed in accordance with the law of the State of Tennessee.

SECTION 4.04. Notices. Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by Registered or Certified Mail, postage prepaid, or sent by telegram as follows:

To the County:

Sullivan County, Tennessee
3411 Highway 126
Blountville, Tennessee 37617
Attn: County Mayor

To the Agent:

The County and the Agent may designate in writing any further or different addresses to which subsequent notices, requests, communications or other papers shall be sent.

SECTION 4.05. Agreement Binding. All the covenants, promises and agreements in this Agreement contained by or on behalf of the parties shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 4.06. Termination. This Agreement shall terminate when all transfers and payments required to be made by the Agent under the provisions hereof shall have been made.

SECTION 4.07. Execution by Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

IN WITNESS WHEREOF, the County has caused this Agreement to be signed in its name by its County Mayor and attested by its County Clerk and the official seal of the County to be impressed hereon, and the Agent has caused this Agreement to be signed in its corporate name by its duly authorized officer, all as of the day and date first above written.

SULLIVAN COUNTY, TENNESSEE

By: _____
County Mayor

(SEAL)

County Clerk

as Escrow Agent

By: _____
Title: _____

EXHIBIT A-1

Sullivan County, Tennessee

Debt Service of General Obligation Bonds, Series 2005, dated June 1, 2005, maturing May 1, 2016 through May 1, 2025, inclusive, in the original aggregate principal amount of \$_____ to the Redemption Date

Paying Agent: U.S. Bank
Nashville, Tennessee

EXHIBIT A-2

Sullivan County, Tennessee

Debt Service of School Refunding Bonds, Series 2005, dated September 1, 2005, maturing April 1, 2016 through April 1, 2024, inclusive, in the original aggregate principal amount of \$ _____ to the Redemption Date

Paying Agent: U.S. Bank
Nashville, Tennessee

EXHIBIT A-3

Sullivan County, Tennessee

Debt Service of Lease-Purchase Agreement, dated September 15, 2014, payable October 1, 2016 through October 1, 2025, inclusive, in the original aggregate principal amount of \$_____ to the Prepayment Date

Paying Agent: U.S. Bank
Nashville, Tennessee

EXHIBIT B

Government Securities
Certificate of Indebtedness
U.S. State and Local Government Series

Amount Interest Rate Maturity Date Issue Date

Government Securities
U. S. Treasury Notes

Amount Interest Rate First Interest
Payment Date Maturity Date Issue Date

Total Cost of Securities: \$ _____
Initial Cash Deposit: \$ _____

EXHIBIT C-1

NOTICE OF REDEMPTION
SULLIVAN COUNTY, TENNESSEE

NOTICE IS HEREBY GIVEN that Sullivan County, Tennessee (the "County"), has elected to and does exercise its option to call and redeem on [May 1, 2015] all the County's outstanding bonds (the "Outstanding Bonds") as follows:

General Obligation Bonds, Series 2005, dated June 1, 2005, maturing [May 1, 2016 through May 1, 2025, inclusive]

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Cusip No.</u>
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The owners of the above-described Outstanding Bonds are hereby notified to present the same to the offices of U. S. Bank National Association as follows, where redemption shall be made at the redemption price of par, plus interest accrued to the redemption date:

If by Mail: (REGISTERED BONDS)

U.S. Bank
Corporate Trust Services
P.O. Box 64111
St. Paul, MN 55164-0111

If by Hand or Overnight Mail:

U.S. Bank
Corporate Trust Services
60 Livingston Avenue
1st Fl – Bond Drop Window
St. Paul, MN 55107

The redemption price will become due and payable on [May 1, 2015], upon each such Bond herein called for redemption and such Bond shall not bear interest beyond [May 1, 2015].

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

U.S. Bank National Association
Registration and Paying Agent

EXHIBIT C-2

NOTICE OF REDEMPTION
SULLIVAN COUNTY, TENNESSEE

NOTICE IS HEREBY GIVEN that Sullivan County, Tennessee (the "County"), has elected to and does exercise its option to call and redeem on [April 1, 2015] all the County's outstanding bonds (the "Outstanding Bonds") as follows:

School Refunding Bonds, Series 2005, dated September 1, 2005, maturing [April 1, 2016 through April 1, 2024, inclusive]

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Cusip No.</u>
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The owners of the above-described Outstanding Bonds are hereby notified to present the same to the offices of U. S. Bank National Association as follows, where redemption shall be made at the redemption price of 102% of par, plus interest accrued to the redemption date:

If by Mail: (REGISTERED BONDS)

U.S. Bank
Corporate Trust Services
P.O. Box 64111
St. Paul, MN 55164-0111

If by Hand or Overnight Mail:

U.S. Bank
Corporate Trust Services
60 Livingston Avenue
1st Fl – Bond Drop Window
St. Paul, MN 55107

The redemption price will become due and payable on [April 1, 2015], upon each such Bond herein called for redemption and such Bond shall not bear interest beyond [April 1, 2015].

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

U.S. Bank National Association
Registration and Paying Agent

EXHIBIT C-2

NOTICE OF PREPAYMENT
SULLIVAN COUNTY, TENNESSEE

NOTICE IS HEREBY GIVEN that Sullivan County, Tennessee (the "County"), has elected to and does exercise its option to prepay on October 1, 2016 all the County's outstanding obligations under the Equipment Lease-Purchase Agreement, dated September 15, 2014 (the "Lease") with Motorola Solutions, Inc., at the price set forth on Schedule B to the Lease.

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

U.S. Bank National Association
Registration and Paying Agent

The Board of County Commissioners of Sullivan County, Tennessee, met in a regular session on December 15, 2014, at 9:00 a.m., at the Sullivan County Courthouse with Richard S. Venable, County Mayor, presiding, and the following members present: **Bowery, Calton, Cole, Crawford, Gardner, Grubb, Hare, Harkleroad, Harr, Herron, Hood, Houser, Kilgore, McGlothlin, Morrell, Neal, Bobby Russell, Cheryl Russell, Shull, Stanley, Vance, White, Williams**

There were absent: **Johnson**

There were also present Jeannie Gammon, County Clerk and Larry G. Bailey, Accounts and Budgets Director.

It was announced that public notice of the time, place and purpose of the meeting had been given and accordingly, the meeting was called to order.

The following resolution was introduced by **Williams**, seconded by **White** and after due deliberation, were adopted by the following vote:

AYE: 23

NAY:

ABSENT: 1

Sullivan County, Tennessee
Board of County Commissioners

Item 10
No. 2014-12-89
Attachment

To the Honorable Richard S. Venable, Sullivan County Mayor and the Board of Sullivan County Commissioners meeting in Regular Session this 15th day of December 2014.

RESOLUTION To Authorize the Issuance of Industrial Park Refunding Bonds of Sullivan County in the Approximate Principal Amount of \$6,385,000

WHEREAS, bond documents hereto attached provide for refunding bonds in the approximate amount of six million three hundred eighty-five thousand (\$6,385,000);

NOW THEREFORE BE IT RESOLVED by the Board of County Commissioners of Sullivan County, Tennessee assembled in Regular Session approve the terms set out in the attached documents for the purpose of Industrial Park Refunding Bonds.

This resolution shall take effect from and after its passage. All resolutions in conflict herewith be and the same rescinded insofar as such conflict exists.

Approved this 15th day of December 2014.

Attested:


Jeanie Gammon, County Clerk

Approved:


Richard S. Venable, County Mayor

Sponsored By: Commissioner Eddie Williams

Prime Co-Sponsor(s): Commissioner Bob White

All Commissioners Voting "Aye"

ACTIONS: Approved 12-15-14 22 Aye, 2 Absent

RESOLUTION AUTHORIZING THE ISSUANCE, IN ONE OR MORE SERIES, OF INDUSTRIAL (BUSINESS) PARK REFUNDING BONDS (FEDERALLY TAXABLE) OF SULLIVAN COUNTY, TENNESSEE, IN THE APPROXIMATE PRINCIPAL AMOUNT OF SIX MILLION THREE HUNDRED EIGHTY-FIVE THOUSAND DOLLARS (\$6,385,000) FOR THE PURPOSE OF REFUNDING ALL OR A PORTION OF CERTAIN OUTSTANDING BONDS OF THE COUNTY; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BONDS; ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; AND PROVIDING FOR THE LEVY OF TAXES FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS.

WHEREAS, Sullivan County, Tennessee (the "County") has previously issued and there is currently outstanding Industrial (Business) Park Bonds, Series 2007, dated July 11, 2007, maturing April 1, 2015 through April 1, 2018, inclusive, April 1, 2021, April 1, 2024 and April 2028 (the "Outstanding Bonds") issued pursuant to Sections 9-21-101 et seq., Tennessee Code Annotated for the acquisition of land for and the construction of an industrial (business) park and related infrastructure jointly pursuant to an Intergovernmental Financing Agreement with the City of Kingsport, Tennessee, the City of Bristol, Tennessee and the City of Bluff City, Tennessee (the "Industrial Park"); and

WHEREAS, counties in Tennessee are authorized by Sections 9-21-901, Tennessee Code Annotated, to issue, by resolution, bonds to refund, redeem or make principal and interest payments on their previously issued bonds, notes or other obligations; and

WHEREAS, the Board of County Commissioners of the County has determined that a portion of the Outstanding Bonds can be refunded and will effect a cost savings to the public; and

WHEREAS, the plan of said refunding has been submitted to the Director of State and Local Finance as required by Section 9-21-903, Tennessee Code Annotated, and said report on the plan of refunding has been issued and is attached hereto as Exhibit A; and

WHEREAS, it is the intention of the Board of County Commissioners to adopt this resolution for the purpose of authorizing the issuance of industrial (business) park refunding bonds, in one or more series, for the purpose of refunding a portion of the Outstanding Bonds, providing for the issuance, sale and payment of said Bonds, establishing the terms thereof and the disposition of proceeds therefrom and providing for the levy of a tax for the payment of principal thereof, premium, if any, and interest thereon.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Sullivan County, Tennessee, as follows:

Section 1. Authority. The Bonds authorized by this resolution are issued pursuant to Sections 9-21-612, et seq., Tennessee Code Annotated, and other applicable provisions of law.

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

(a) "Bonds" means Industrial (Business) Park Refunding Bonds (Federally Taxable) authorized herein;

(b) "Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which physical Bond certificates in fully registered form are issued to a Depository, or to its

nominee as Registered Owner, with the certificate of Bonds being held by and "immobilized" in the custody of such Depository, and under which records maintained by persons, other than the County or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial "book-entry" interests in those Bonds;

(c) "Certificate of Public Purpose and Necessity" means that certificate issued by the Building Finance Committee of the Tennessee Department of Economic Development pursuant to Sections 13-16-201 et seq., Tennessee Code Annotated;

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder;

(e) "County" shall mean Sullivan County, Tennessee;

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

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

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

(i) "Debt Management Policy" means the Debt Management Policy adopted by the Governing Body as required by the State Funding Board of the State of Tennessee;

(j) "Escrow Agent" means the escrow agent appointed by the County Mayor, or its successor;

(k) "Financial Advisor" means Stephens Inc.;

(l) "Governing Body" means the Board of County Commissioners of the County;

(m) "Industrial Park" shall have the meaning set forth in the preamble hereto;

(n) "Intergovernmental Financing Agreement" means that certain Intergovernmental Financing Agreement by and among the County, the City of Kingsport, Tennessee, the City of Bristol, Tennessee and the City of Bluff City, Tennessee as it relates to the Industrial Park;

(o) "Outstanding Bonds" shall have the meaning set forth in the preamble hereto;

(p) "Refunded Bonds" means the maturities or portions of maturities of the Outstanding Bonds designated by the County Mayor pursuant to Section 9 hereof;

(q) "Refunding Escrow Agreement" shall mean the Refunding Escrow Agreement, dated as of the date of the Bonds, to be entered into by and between the County and the Escrow Agent, in the form of the document attached hereto and incorporated herein by this reference as Exhibit D, subject to such changes therein as shall be permitted by Section 12 hereof;

(r) "Registration Agent" means the registration and paying agent for the Bonds appointed by the County Mayor pursuant to Section 4 hereof; and

(s) "State Director" shall mean the Director of State and Local Finance for the State of Tennessee.

Section 3. Findings of the Governing Body; Compliance with Debt Management Policy. It is hereby found and determined by the Governing Body that the issuance and sale of the Bonds, as proposed herein, is consistent with the County's Debt Management Policy. The issuance of the Bonds authorized by this resolution is advisable because it will result in the reduction in debt service payable by the County over the term of the Outstanding Bonds. The Bonds authorized herein will be structured so as not to extend beyond the original term of the Refunded Bonds. The refinancing analysis, including estimated interest, has been fully disclosed and is attached hereto as Exhibit B. As required by the Debt Management Policy, the State Form CT-0253 with estimated costs of issuance is also attached as part of Exhibit B.

Section 4. Authorization and Terms of the Bonds.

(a) For the purpose of providing funds to refund the Refunded Bonds and pay the costs incident to the issuance and sale of the Bonds, as more fully set forth in Section 10 hereof, there are hereby authorized to be issued Bonds, in one or more series, of the County in the approximate principal amount of \$6,385,000 to pay the principal of and interest on the Refunded Bonds and pay costs of issuance of the Bonds. The Bonds shall be issued in fully registered, book-entry only form (except as otherwise permitted herein), without coupons, shall be issued in one or more series, shall be known as "Industrial (Business) Park Refunding Bonds (Federally Taxable)" and shall have such series designation and dated date as shall be determined by the County Mayor pursuant to Section 9 hereof. The rate or rates on the Bonds shall not exceed the maximum interest rate permitted by applicable law at the time of the sale of the Bonds, or any series thereof. Subject to the adjustments permitted pursuant to Section 9 hereof, interest on the Bonds shall be payable semi-annually on April 1 and October 1 in each year, commencing October 1, 2015. The Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof, as shall be requested by the original purchaser, and, subject to adjustment as permitted by Section 9 hereof, shall mature, subject to prior redemption, either serially or through mandatory redemption on April 1 of each year, in the years 2016 through 2028, inclusive. Attached hereto as Exhibit B is a preliminary debt service estimate of the amortization of the Bonds; provided, however, such amortization may be adjusted in accordance with Section 9 hereof.

(b) Subject to the adjustments permitted under Section 8 hereof, Bonds maturing on or before April 1, 2024 shall mature without option of redemption and Bonds maturing on April 1, 2025 and thereafter, shall be subject to redemption prior to maturity at the option of the County on April 1, 2024 and thereafter, as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Governing Body in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine;
or

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

(c) Pursuant to Section 9 hereof, the County Mayor is authorized to sell the Bonds, or any maturities thereof, as term bonds ("Term Bonds") with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by the County Mayor. In the event any or all the Bonds are sold as Term Bonds, the County shall redeem Term Bonds on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the maturity amounts established pursuant to Section 9 hereof for each redemption date, as such maturity amounts may be adjusted pursuant to Section 9 hereof, at a price of par plus accrued interest thereon to the date of redemption. The Term Bonds to be redeemed within a single maturity shall be selected in the manner described in subsection (b) above.

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

(d) Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the County not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the County pursuant to written instructions from an authorized representative of the County (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be

satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

(e) The County Mayor is hereby authorized and directed to appoint the Registration Agent for the Bonds and the Registration Agent so appointed is authorized and directed to maintain Bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance or upon transfer, to effect transfers of the Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Bonds as provided herein, to cancel and destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the County at least annually a certificate of destruction with respect to Bonds canceled and destroyed, and to furnish the County at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds. The County Mayor is hereby authorized to execute and the County Clerk is hereby authorized to attest such written agreement between the County and the Registration Agent as they shall deem necessary and proper with respect to the obligations, duties and rights of the Registration Agent. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

(f) The Bonds shall be payable, both principal and interest, in lawful money of the United States of America at the main office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds by check or draft on each interest payment date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by depositing said payment in the United States mail, postage prepaid, addressed to such owners at their addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the County in respect of such Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. In the event the Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

(g) Any interest on any Bond that is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the County 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 County 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 County shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the

Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the County of such Special Record Date and, in the name and at the expense of the County, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the County to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Bonds when due.

(h) The Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Bond or the Bond to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the County to call such Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the County nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bonds shall be overdue. The Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in any authorized denomination or denominations.

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

(j) Except as otherwise provided in Section 9 hereof, the Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. References in this Section to a Bond or the Bonds shall be construed to mean the Bond or the Bonds that are held under the Book-Entry System. One Bond for each maturity shall be issued to DTC and immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

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

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

In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the County determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, the County shall discontinue the Book-Entry System with DTC. If the County fails to identify another qualified securities depository to replace DTC, the County shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner.

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

(k) The Registration Agent is hereby authorized to take such action 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. No such

arrangements with DTC may adversely affect the interest of any of the owners of the Bonds, provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.

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

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

Section 5. Source of Payment. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County. The Bonds shall be additionally payable from, but not secured by, payments made to the County under the Intergovernmental Financing Agreement. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the County are hereby irrevocably pledged.

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

(Form of Face of Bond)

REGISTERED
Number _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF SULLIVAN

INDUSTRIAL (BUSINESS) PARK REFUNDING BOND (FEDERALLY TAXABLE), SERIES _____

Interest Rate:

Maturity Date:

Date of Bond:

CUSIP No.:

Registered Owner: CEDE & CO.

Principal Amount:

FOR VALUE RECEIVED, Sullivan County, Tennessee (the "County") hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth (or upon

earlier redemption as set forth herein), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date [or redemption date], said interest being payable on [October 1, 2015], and semi-annually thereafter on the first day of [April] and [October] in each year until this Bond matures [or is redeemed]. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the principal corporate trust office of _____, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond on each interest payment date directly to the registered owner hereof shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at such owner's address shown on said Bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the County to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of [and premium, if any, on] this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

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

Resolution to be given to Beneficial Owners, (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

[Bonds of the issue of which this Bond is one maturing April 1, ____ through April 1, ____, inclusive, shall mature without option of prior redemption, and Bonds maturing April 1, ____ and thereafter shall be subject to redemption prior to maturity at the option of the County on April 1, ____ and thereafter, as a whole or in part, at any time, at the redemption price of par plus interest accrued to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Board of County Commissioners of the County, in its discretion. If less than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

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

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

[Subject to the credit hereinafter provided, the County shall redeem Bonds maturing _____ on the redemption dates set forth below opposite the maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as securities depository for the series of Bonds of which this Bond is one, or such Person as shall then be serving as the securities depository for the Bonds, shall determine the interest of each Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

<u>Final Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds Redeemed</u>
---------------------------	----------------------------	---

*Final Maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the County may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its

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

Notice of call for redemption[, whether optional or mandatory,] shall be given by the Registration Agent not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent not later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth in the Resolution, as hereafter defined. In the case of a Conditional Redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.]

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

exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the County to call such Bond for redemption].

This Bond is one of a total authorized issue aggregating \$_____ and issued by the County for the purpose of providing funds to refund the County's outstanding [Industrial (Business) Park Bonds, Series 2007, dated July 11, 2007, maturing April 1, 2018, April 1, 2021, April 1, 2024 and April 1, 2028, inclusive], under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101, *et seq.*, Tennessee Code Annotated, and pursuant to a resolution duly adopted by the Board of County Commissioners of the County on December 15, 2014 (the "Resolution").

This Bond is payable from unlimited ad valorem taxes to be levied on all taxable property located within the County. The Bonds shall be additionally payable from, but not secured by, payments made to the County under the Intergovernmental Financing Agreement by and among the County, the City of Kingsport, Tennessee, the City of Bristol, Tennessee, and the City of Bluff City, Tennessee. For the prompt payment of principal of [, premium, if any,] and interest on this Bond, the full faith and credit of the County are irrevocably pledged. For a more complete statement of the general covenants and provisions pursuant to which this Bond is issued, reference is hereby made to said Resolution.

This Bond and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Bond during the period the Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bond in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

Interest on this Bond will be included in gross income for federal income tax purposes.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the County, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the County has caused this Bond to be signed by its County Mayor with his manual or facsimile signature and attested by its County Clerk with her manual or facsimile signature under an impression or facsimile of the corporate seal of the County, all as of the date hereinabove set forth.

SULLIVAN COUNTY

BY: _____
County Mayor

(SEAL)

ATTESTED:

County Clerk

Transferable and payable at the principal corporate trust office of: _____

Date of Registration: _____

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

Registration Agent

By: _____
Authorized Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto _____, whose address is _____ (Please insert Federal Identification or Social Security Number of Assignee _____), the within Bond of Sullivan County, Tennessee, and does hereby irrevocably constitute and appoint _____, attorney, to transfer the said Bond on the records kept for registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

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

Section 7. Pledge of Net Revenues and Levy of Tax. The County, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the County, in addition to all other taxes authorized by law, sufficient to pay principal of, premium, if any, and interest on the Bonds when due, and for that purpose there is hereby levied a direct annual tax in such amount as may be found necessary each year to pay principal and interest coming due on the Bonds in said year. Principal and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the County and reimbursement therefor shall be made out of the taxes hereby provided to be levied when the same shall have been collected. The tax herein provided may be reduced to the extent of any payments made to the County under the Intergovernmental Financing Agreement, any appropriations from other funds, taxes and revenues of the County, to the payment of debt service on the Bonds.

Section 8. Project Covenants. The County covenants with the owners of the Bonds as follows:

(a) The Industrial Park has not and will not be developed or disposed of in a manner which will violate the laws, statutes or Constitution of the State of Tennessee.

(b) The net proceeds of any sale of all or any portion of the Industrial Park shall be deposited in a special fund to be used to pay principal of or interest on the Bonds or used to reimburse the debt service fund of the County.

(c) The County will comply with all requirements and conditions of the Certificate of Public Purpose and Necessity in the acquisition of land for and the development of the Industrial Park and the sale of the land therein.

(d) The total bonded indebtedness of the County outstanding, including the Bonds hereby authorized, solely for the purposes authorized by Sections 13-16-201 to 13-16-207, inclusive, and 7-55-101 to 7-55-11, inclusive, Tennessee Code Annotated, as amended, shall not exceed ten percent (10%) of the total assessed valuation of the property in the County as ascertained by the last completed assessment.

Section 9. Sale of Bonds.

(a) The Bonds shall be offered for public sale, as required by law, in one or more series, at a price of not less than ninety-nine percent (99%) of par, plus accrued interest, as a whole or in part from time to time as shall be determined by the County Mayor.

(b) The Bonds, or any series thereof, shall be sold by delivery of bids via physical delivery, mail, fax, or telephone or by electronic bidding means of an Internet bidding service as shall be determined by the County Mayor.

(c) If the Bonds are sold in more than one series, the County Mayor is authorized to cause to be sold in each series an aggregate principal amount of Bonds less than that shown in Section 4 hereof for each series, so long as the total aggregate principal amount of all series issued does not exceed the total aggregate of Bonds authorized to be issued herein.

(d) The County Mayor is further authorized with respect to each series of Bonds to:

(1) change the dated date of the Bonds or any series thereof, to a date other than the date of issuance of the Bonds;

(2) change the designation of the Bonds, or any series thereof, to a designation other than "Industrial (Business) Park Refunding Bonds (Federally Taxable)" and to specify the series designation of the Bonds, or any series thereof;

(3) change the first interest payment date on the Bonds or any series thereof to a date other than October 1, 2015, provided that such date is not later than twelve months from the dated date of such series of Bonds;

(4) adjust the principal and interest payment dates and the maturity amounts of the Bonds, or any series thereof, provided that (A) the total principal amount of all series of the Bonds does not exceed the total amount of Bonds authorized herein necessary to refund the

Refunded Bonds; and (B) the final maturity date of each series shall not exceed the end of the fiscal year of the final maturity of the Outstanding Bonds refunded by such series;

(5) adjust the County's optional redemption provisions of the Bonds including making the Bonds non-callable prior to maturity, 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 refinance less than all of the Outstanding Bonds to maximize the objectives of refinancing the Outstanding Bonds;

(7) sell the Bonds, or any series thereof, or any maturities thereof as Term Bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as otherwise determined by the County Mayor, as she shall deem most advantageous to the County; and

(8) 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 if such insurance is requested and paid for by the winning bidder of the Bonds, or any series thereof.

(e) The County Mayor is authorized to sell the Bonds, or any series thereof, simultaneously with any other Bonds or notes authorized by resolution or resolutions of the Governing Body. The County 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 Governing Body, in one or more series as he shall deem to be advantageous to the County and in doing so, the County Mayor is authorized to change the designation of the Bonds to a designation other than "Industrial (Business) Park Refunding Bonds (Federally Taxable)"; 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 any other resolution or resolutions adopted by the Governing Body.

(f) The County 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 County, provided the rate or rates on the Bonds do not exceed the maximum rate permitted by applicable Tennessee law at the time of the issuance of the Bonds or any series thereof. The award of the Bonds by the County Mayor to the lowest bidder shall be binding on the County, and no further action of the Governing Body with respect thereto shall be required. If permitted in the notice of sale for the Bonds, or any series thereof: (i) the successful bidder may request that the Bonds, or any such series thereof, be issued in the form of fully registered certificated Bonds in the name of the successful bidder or as directed by the successful bidder, in lieu of registration using the Book-Entry System, and (ii) the successful bidder may assign its right to purchase the Bonds, or any series thereof, to a third party provided, however, that upon such assignment, the successful bidder shall remain obligated to perform all obligations relating to the purchase of the Bonds as the successful bidder, including the delivery of a good faith deposit, the execution of required documents and the payment of the purchase price, if such successful bidder's assignee does not perform any of such obligations.

(g) The County Mayor and County Clerk are authorized to cause the Bonds to be authenticated and delivered by the Registration Agent to the successful bidder, or as the successful bidder directs, 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. The County Mayor is hereby authorized to enter into a contract with the Financial Advisor, for financial advisory services in connection with the sale of the Bonds and to enter into a contract with Bass,

Berry & Sims PLC to serve as bond counsel in connection with the Bonds in substantially the form presented as Exhibit C, with such changes as may be approved by the County Mayor as evidenced by his execution thereof.

(h) The form of the Bond set forth in Section 6 hereof, shall be conformed to reflect any changes made pursuant to this Section 9 hereof.

(i) No Bonds shall be issued as "balloon indebtedness" under Tennessee Code Annotated, Section 9-21-134, except upon receipt of approval of the Director of State and Local Finance unless otherwise exempt.

Section 10. Disposition of Bond Proceeds.

(a) The proceeds of the sale of each series of the Bonds shall be applied by the County as follows:

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

(ii) an amount, which together with legally available funds of the County, if any, and investment earnings thereon, will be sufficient to pay principal of, premium, if any, and interest on the Refunded Bonds until and through the redemption date therefor shall be transferred to the Escrow Agent under the Refunding Escrow Agreement to be deposited to the Escrow Fund established thereunder to be held and applied as provided therein; and

(iii) the remainder of the proceeds of the sale of the Bonds shall be used to pay the costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, bond insurance premium, if any, administrative and clerical costs, rating agency fees, Registration Agent fees, and other miscellaneous expenses incurred in connection with the issuance and sale of the Bonds.

(b) In accordance with state law, the various department heads responsible for the fund or funds receiving and disbursing funds are hereby authorized to amend the budget of the proper fund or funds for the receipt of proceeds from the issuance of the obligations authorized by this resolution including bond proceeds, accrued interest, reoffering premium and other receipts from this transaction. The department heads responsible for the fund or funds are further authorized to amend the proper budgets to reflect the appropriations and expenditures of the receipts authorized by this resolution.

Section 11. Official Statement. The County Mayor, the Director of Accounts and Budgets, and the County Clerk, or any of them, are hereby authorized and directed to provide for the preparation and distribution, which may include electronic distribution, of a Preliminary Official Statement describing the Bonds. After bids have been received and the Bonds have been awarded, the County Mayor, the Director of Accounts and Budgets and the County Clerk, or any of them, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The County Mayor, the Director of Accounts and Budgets and the County Clerk, or any of them, shall arrange for the delivery to the successful bidder on the Bonds of a reasonable number of copies of the Official Statement within seven business days after the Bonds have been awarded for delivery, by the successful bidder on the Bonds, to each potential

investor requesting a copy of the Official Statement and to each person to whom such bidder and members of his bidding group initially sell the Bonds.

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

If the winning bidder or its purchaser or assignee does not intend to reoffer the Bonds to the public as evidenced by a certificate executed by the winning bidder and/or its purchaser or assignee, then an Official Statement is authorized, but not required, as shall be determined by the County Mayor in consultation with the Financial Advisor and Bond Counsel.

Section 12. Refunding Escrow Agreement. For the purpose of providing for the payment of the principal of, premium, if any, and interest on the Refunded Bonds, the County Mayor is hereby authorized and directed to execute and the County Clerk to attest on behalf of the County, the Refunding Escrow Agreement with the Escrow Agent and to deposit with the Escrow Agent the amounts to be used by the Escrow Agent to purchase Government Securities as provided therein; provided, however, that the yield on such investments shall be determined in such manner that none of the Refunded Bonds will be an "arbitrage bond" within the meaning of Section 148 (a) of the Code. The form of the Refunding Escrow Agreement presented to this meeting and attached hereto as Exhibit D is hereby in all respects approved and the County Mayor and the County Clerk are hereby authorized and directed to execute and deliver same on behalf of the County in substantially the form thereof presented to this meeting, or with such changes as may be approved by the County Mayor and County Clerk, their execution thereof to constitute conclusive evidence of their approval of all such changes. The Escrow Agent is hereby authorized and directed to hold and administer all funds deposited in trust for the payment when due of principal of, premium, if any, and interest on the Refunded Bonds and to exercise such duties as set forth in the Refunding Escrow Agreement.

Section 13. Notice of Refunding and Redemption. Prior to the issuance of the Bonds, or any series thereof, if required, notice of the County's intention to refund the Refunded Bonds, shall be given by the registration agent for the Refunded Bonds to be mailed by first-class mail, postage prepaid, to the registered holders thereof, as of the date of the notice, as shown on the Bond registration records maintained by such registration agent of said Refunded Bonds. Such notice shall be in the form consistent with applicable law. The County Mayor, the Director of Accounts and Budgets and the County Clerk, or any of them, is hereby authorized and directed to authorize the registration agent of said Refunded Bonds to give such notice on behalf of the County in accordance with this Section and to give notice of redemption in accordance with the resolution authorizing the Refunded Bonds.

Section 14. Discharge and Satisfaction of Bonds. If the County shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways, to wit:

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

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

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

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

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

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

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

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

Section 17. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 18. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Adopted and approved this 15th day of December, 2014.

County Mayor

ATTEST:

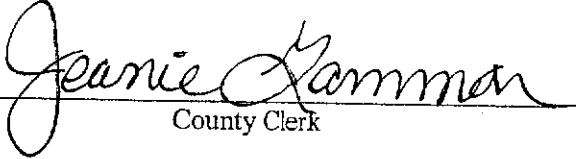
County Clerk

STATE OF TENNESSEE)

COUNTY OF SULLIVAN)

I, Jeannie Gammon, certify that I am the duly qualified and acting County Clerk of Sullivan County, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the governing body of the County held on December 15, 2014; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to the refunding of certain of the County's outstanding Industrial (Business) Park Refunding Capital Outlay Bonds (Federally Taxable).

WITNESS my official signature and seal of said County this 15th day of December, 2014.


County Clerk

(SEAL)

EXHIBIT A

REPORT ON PLAN OF REFUNDING

EXHIBIT B

PRELIMINARY DEBT SERVICE ESTIMATE AND ESTIMATED COSTS OF ISSUANCE

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/30/2015	-	-	-	-
06/30/2016	75,000.00	1.210%	234,383.63	309,383.63
06/30/2017	110,000.00	1.680%	200,954.00	310,954.00
06/30/2018	515,000.00	2.100%	199,106.00	714,106.00
06/30/2019	500,000.00	2.510%	188,291.00	688,291.00
06/30/2020	515,000.00	2.680%	175,741.00	690,741.00
06/30/2021	530,000.00	2.950%	161,939.00	691,939.00
06/30/2022	540,000.00	3.140%	146,304.00	686,304.00
06/30/2023	555,000.00	3.530%	129,348.00	684,348.00
06/30/2024	570,000.00	3.530%	109,756.50	679,756.50
06/30/2025	585,000.00	3.530%	89,635.50	674,635.50
06/30/2026	620,000.00	3.650%	68,985.00	688,985.00
06/30/2027	630,000.00	3.650%	46,355.00	676,355.00
06/30/2028	640,000.00	3.650%	23,360.00	663,360.00
Total	\$6,385,000.00	-	\$1,774,158.63	\$8,159,158.63

ESTIMATE

Page 1 of 3

State Form No. 01-0223
Revised 12/2014

REPORT ON DEBT OBLIGATION

(This report is Tennessee Code Annotated Section 9-21-251)

1. Public Entity:			
Name:	Sullivan County, Tennessee		
Address:	3411 Highway 128 Blountville, Tennessee 37017		
Debt Issue Name:	Industrial (Business) Park Refunding Bonds, Series 2015 (Federally Taxable)		
<small>If existing initially for a program, attach the note specified for updates, indicating the flexibility required.</small>			
2. Face Amount: \$ 6,285,000.00			
Premium/Discount: \$ _____			
3. Interest Cost: _____ % <input type="checkbox"/> Tax-exempt <input checked="" type="checkbox"/> Taxable			
<input type="checkbox"/> TIC <input type="checkbox"/> NIC <input type="checkbox"/> Variable: Index _____ plus _____ basis points; or <input type="checkbox"/> Variable: Remarking Agent: _____ <input type="checkbox"/> Other: _____			
4. Debt Obligation:			
<input type="checkbox"/> TRAN <input type="checkbox"/> TAN <input type="checkbox"/> COV <input type="checkbox"/> BAN <input type="checkbox"/> CRAN <input type="checkbox"/> SAN <input checked="" type="checkbox"/> Bond <input type="checkbox"/> Loan Agreement <input type="checkbox"/> Capital Lease			
<small>Part of the notes listed above are related pursuant to Title 9, Chapter 25, and have a copy of the attached note with the filing with the Office of State and Local Finance (OSLF).</small>			
5. Ratings:			
<input type="checkbox"/> Unrated Moody's: _____ Standard & Poor's: _____ Fitch: _____			
6. Purpose:			
<input type="checkbox"/> General Government _____ % <input type="checkbox"/> Education _____ % <input type="checkbox"/> Utilities _____ % <input type="checkbox"/> Other _____ % <input checked="" type="checkbox"/> Refunding/Renewal 100.00 %	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: black; color: white;">BRIEF DESCRIPTION</th> </tr> </thead> <tbody> <tr> <td>Refund a portion of Industrial (Bus. Park Bonds) S2007</td> </tr> </tbody> </table>	BRIEF DESCRIPTION	Refund a portion of Industrial (Bus. Park Bonds) S2007
BRIEF DESCRIPTION			
Refund a portion of Industrial (Bus. Park Bonds) S2007			
7. Security:			
<input checked="" type="checkbox"/> General Obligation <input type="checkbox"/> General Obligation & Revenue/Tax <input type="checkbox"/> Revenue <input type="checkbox"/> Tax Increment Financing (TIF) <input type="checkbox"/> Annual Appropriation (Capital Lease Only) <input type="checkbox"/> Other (Describe): _____			
8. Type of Sale:			
<input checked="" type="checkbox"/> Competitive Public Sale <input type="checkbox"/> Interfund Loan _____ <input type="checkbox"/> Negotiated Sale <input type="checkbox"/> Loan Program _____ <input type="checkbox"/> Informal Bid			
9. Date:			
Printed Date: _____ Governing Date: _____			

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-131)

10. Maturity Dates, Amounts and Interest Rates ¹:

Year	Amount	Interest Rate	Year	Amount	Interest Rate
2016	\$	%	2027	\$	%
2017	\$	%	2028	\$	%
2018	\$	%		\$	%
2019	\$	%		\$	%
2020	\$	%		\$	%
2021	\$	%		\$	%
2022	\$	%		\$	%
2023	\$	%		\$	%
2024	\$	%		\$	%
2025	\$	%		\$	%
2026	\$	%		\$	%

If more space is needed, attach an additional sheet.

If (1) the debt has a first maturity of 31 or more years from the date of issuance, (2) principal repayment is delayed for two or more years, or (3) debt service payments are not level throughout the repayment period, then a cumulative repayment schedule (grouped in 3 year increments out to 30 years) including this and all other entity debt secured by the same source MUST BE PREPARED AND ATTACHED. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what the level, is considered secured by the same source.

¹ This section is not applicable to the Initial Report for a Borrowing Program.

11. Cost of Issuance and Professionals:

No costs or professionals

	AMOUNT <small>(Round to nearest \$)</small>	FIRM NAME
Financial Advisor Fees	\$ 19,500	Stephens Inc.
Legal Fees	\$ 0	
Bond Counsel	\$ 14,000	Bass, Berry & Sims PLC
Issuer's Counsel	\$ 0	
Trustee's Counsel	\$ 0	
Bank Counsel	\$ 0	
Disclosure Counsel	\$ 0	
Paying Agent Fees	\$ 300	
Registrar Fees	\$ 0	
Trustee Fees	\$ 300	
Re-marketing Agent Fees	\$ 0	
Liquidity Fees	\$ 0	
Rating Agency Fees	\$ 13,000	Moody's Investors Service
Credit Enhancement Fees	\$ 0	
Bank Closing Costs	\$ 83,850	Purchaser
Underwriter's Discount 1.69%	\$ 0	
Take Down	\$ 0	
Management Fee	\$ 0	
Risk Premium	\$ 0	
Underwriter's Counsel	\$ 0	
Other expenses	\$ 0	
Printing and Advertising Fees	\$ 6,142	Print POS and OS: I-Deal
Issuer/Administrator Program Fees	\$ 0	
Real Estate Fees	\$ 0	
Sponsorship/Referral Fee	\$ 0	
Other Costs	\$ 4,473	Verification Agent & Misc. Costs to Stephens Inc.
TOTAL COSTS	\$ 121,565	

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)

12. Recurring Costs:

No Recurring Costs

	AMOUNT (Based on 2011)	FIRM NAME (if different from #11)
Remarketing Agent		
Paying Agent / Registrar	300	
Trustee		
Liquidity / Credit Enhancement		
Escrow Agent		
Sponsorship / Program / Admin		
Other		

13. Disclosure Document / Official Statement:

None Prepared

MMA link _____ or

Copy attached

14. Continuing Disclosure Obligations:

Is there an existing continuing disclosure obligation related to the security for this debt? Yes No

Is there a continuing disclosure obligation agreement related to this debt? Yes No

If yes to either question, date that disclosure is due June 30

Name and title of person responsible for compliance Accounts and Budgets Director

15. Written Debt Management Policy:

Governing Body's approval date of the current version of the written debt management policy 12/19/2011

Is the debt obligation in compliance with and clearly authorized under the policy? Yes No

16. Written Derivative Management Policy:

No derivative

Governing Body's approval date of the current version of the written derivative management policy _____

Date of Letter of Compliance for derivative _____

Is the derivative in compliance with and clearly authorized under the policy? Yes No

17. Submission of Report:

To the Governing Body: on _____ and presented at public meeting held on _____

Copy to Director to OSLE: on _____ either by:

Mail to: Email to: StateAndLocalFinancePublicDebtForm@cot.tn.gov

505 Deaderick Street, Suite 1600
James H. Polk State Office Building
Nashville, TN 37243-1402

18. Signatures:

	AUTHORIZED REPRESENTATIVE	PREPARER
Name	<u>Richard S. Venable</u>	<u>Karen S. Neal</u>
Title	<u>County Mayor</u>	<u>Member</u>
Firm		<u>Bass, Berry & Sims PLC</u>
Email		<u>kneal@bassberry.com</u>
Date		

EXHIBIT C

FORM OF ENGAGEMENT LETTER

LETTERHEAD OF BASS, BERRY & SIMS PLC

December __, 2014

Sullivan County, Tennessee
3411 Highway 126
Blountville, Tennessee 37617
Attention: Richard S. Venable, County Mayor

**Re: Issuance of Approximately \$6,385,000 in Aggregate Principal Amount of
Industrial (Business) Park Refunding Bonds (Federally Taxable).**

Dear Mayor Venable:

The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as Bond counsel to Sullivan County, Tennessee (the "Issuer"), in connection with the issuance of the above-referenced Bonds (the "Bonds"). We understand that the Bonds are being issued for the purpose of providing funds necessary to refinance all or a portion of certain of the Issuer's outstanding Bonds and to pay costs of issuance of the Bonds, as more fully set forth in the resolution adopted by the County Commission on December 15, 2014. We further understand that the Bonds will be sold at a competitive public sale.

SCOPE OF ENGAGEMENT

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

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

6. Assist the Issuer in presenting information to Bond rating organizations and providers of credit enhancement relating to legal issues affecting the issuance of the Bonds, if requested.
7. Prepare and review the notice of sale pertaining to the competitive sale of the Bonds, if any, and review the Bond purchase agreement, if sold at negotiated sale.

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

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

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

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

- g. Opining on any continuing disclosure undertaking pertaining to the Bonds or, after Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking.
- h. Representing the Issuer in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.
- i. Addressing any other matter not specifically set forth above that is not required to render our Bond Opinion.

ATTORNEY-CLIENT RELATIONSHIP

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

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

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

FEES

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Bonds; (ii) the duties we will undertake pursuant to this engagement letter; (iii) the time we anticipate devoting to the financings; and (iv) the responsibilities we will assume in connection therewith, we estimate that our fee will be \$14,000 for the Bonds. Our fees may vary: (a) if the principal amount of Bonds actually issued differs significantly from the amounts stated above; (b) if material changes in the structure or schedule of the respective financings occur; or (c) if unusual or unforeseen circumstances arise which require a significant increase in our time or responsibility. If, at any time, we believe that circumstances require an adjustment of our original fee estimates, we will advise you and prepare and provide to you an amendment to this engagement letter. The fees quoted

above will include all out-of-pocket expenses advanced for your benefit, such as travel costs, photocopying, deliveries, long distance telephone charges, telecopier charges, filing fees, computer-assisted research and other expenses.

If, for any reason, the financing represented by the Bonds is completed without the delivery of our Bond Opinion as Bond counsel or our services are otherwise terminated, we will expect to be compensated at our normal rates for the time actually spent on your behalf plus client charges as described above unless we have failed to meet our responsibilities under this engagement, but in no event will our fees exceed the amount stated above.

RECORDS

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

OTHER MATTERS

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

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

CONCLUSION

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

SULLIVAN, TENNESSEE:

BASS, BERRY & SIMS PLC:

By: _____
Richard S. Venable, County Mayor

By: _____
Karen S. Neal, Member

EXHIBIT D

FORM OF REFUNDING ESCROW AGREEMENT

This Refunding Escrow Agreement is made and entered into as of the _____ day of _____, 2014 by and between Sullivan County, Tennessee (the "County"), and _____, _____ (the "Agent").

WITNESSETH:

WHEREAS, the County has previously issued its Industrial (Business) Park Bonds, Series 2007, dated July 11, 2007, maturing April 1, 2018, April 1, 2021, April 1, 2024 and April 1, 2028 (the "Outstanding Bonds"); and

WHEREAS, the County has determined to provide for the refinancing of the Outstanding Bonds by depositing in escrow with the Agent funds as herein provided; and

WHEREAS, in order to obtain a portion of the funds to be applied as herein provided, the County has authorized and issued its Industrial (Business) Park Refunding Bonds, Series 2014, (Federally Taxable") (the "Refunding Bonds"); and

WHEREAS, a portion of the proceeds derived from the sale of the Refunding Bonds will be deposited, along with other available monies of the County, in escrow with the Agent hereunder and applied as herein provided; and

WHEREAS, in order to create the escrow hereinabove described, provide for the deposit of a portion of proceeds of said Refunding Bonds and other available monies of the County and the application thereof, and to provide for the payment of the debt service on the Outstanding Bonds, the parties hereto do hereby enter into this Agreement.

NOW, THEREFORE, the County, in consideration of the foregoing and the mutual covenants herein set forth, does by these presents hereby grant, warrant, demise, release, convey, assign, transfer, alien, pledge, set over and confirm, to the Agent, and to its successors hereunder, and to it and its assigns forever, in escrow, all and singular the property hereinafter described to wit:

DIVISION I

All right, title and interest of the County in and to \$ _____ (consisting of \$ _____ derived from the proceeds of the sale of the Refunding Bonds and \$ _____ other available monies of the County).

DIVISION II

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred in escrow hereunder by the County or by anyone in its behalf to the Agent, which is hereby authorized to receive the same at any time to be held in escrow hereunder.

DIVISION III

All property that is by the express provisions of this Agreement required to be subject to the pledge hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subject to the pledge hereof, by the County or by anyone in its behalf, and the Agent is hereby authorized to receive the same at any time to be held in escrow hereunder.

TO HAVE AND TO HOLD, all and singular, the escrowed property, including all additional property which by the terms hereof has or may become subject to this Agreement, unto the Agent, and its successors and assigns, forever.

ARTICLE I

DEFINITIONS AND CONSTRUCTION

SECTION 1.01. Definitions. In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended:

“Agent” means _____, _____, _____, its successors and assigns.

“Agreement” means this Refunding Escrow Agreement, dated as of the date of the Refunding Bonds, between the County and the Agent.

“County” means the Sullivan County, Tennessee.

“Escrow Fund” shall have the meaning ascribed to it in Section 2.01 hereof.

“Escrow Property”, “escrow property” or “escrowed property” means the property, rights and interest of the County that are described in Divisions I through III of this Agreement and hereinabove conveyed in escrow to the Agent.

“Outstanding Bonds” has the meanings in the recitals hereto.

“Refunding Bonds” has the meanings in the recitals hereto.

“Written Request” shall mean a request in writing signed by the County Mayor of the County or by any other officer or official of the County duly authorized by the County to act in her place.

SECTION 1.02. Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word “person” shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

ARTICLE II

ESTABLISHMENT AND ADMINISTRATION OF FUNDS

SECTION 2.01. Creation of Escrow; Deposit of Funds. The County hereby creates and establishes with the Agent a special and irrevocable escrow composed of the Escrowed Property and

hereby deposits with the Agent and the Agent hereby acknowledges receipt of \$ _____ as described in Division I hereof. The monies so deposited, together with investment income therefrom, is herein referred to as the "Escrow Fund" and shall constitute a fund to be held by the Agent as a part of the Escrowed Property created, established, and governed by this Agreement.

SECTION 2.02. Investment of Funds. The monies described in Section 2.01 hereof shall be held or invested as follows:

(i) the amount of \$ _____ shall be used to purchase the Government Securities described on Exhibit B attached hereto; and

(ii) the amount of \$ _____ shall be held as cash in a non-interest-bearing account.

Except as provided in Sections 2.04 and 2.06 hereof, the investment income from the Government Securities in the Escrow Fund shall be credited to the Escrow Fund and shall not be reinvested. The Agent shall have no power or duty to invest any monies held hereunder or to make substitutions of Government Securities held hereunder or to sell, transfer, or otherwise dispose of the Government Securities acquired hereunder except as provided herein.

SECTION 2.03. Disposition of Escrow Funds. The Agent shall without further authorization or direction from the County collect the principal on the Government Securities promptly as the same shall fall due. From the Escrow Fund, to the extent that monies therein are sufficient for such purpose, the Agent shall make timely payments to the proper paying agent or agents, or their successors, for the Outstanding Bonds of monies sufficient for the payment of the principal of and interest on the Outstanding Bonds as the same shall become due and payable. Amounts and dates of principal and interest payments and the name and address of the paying agent with respect to the Outstanding Bonds are set forth on Exhibit A. Payment on the dates and to the paying agent in accordance with Exhibit A shall constitute full performance by the Agent of its duties hereunder with respect to each respective payment. The County represents and warrants that the Escrow Fund, if held, invested and disposed of by the Agent in accordance with the provisions of this Agreement, will be sufficient to make the foregoing payments. No paying agent fees, fees and expenses of the Agent, or any other costs and expenses associated with the Refunding Bonds or the Outstanding Bonds shall be paid from the Escrow Fund, and the County agrees to pay all such fees, expenses, and costs from its legally available funds as such payments become due. When the Agent has made all required payments of principal and interest on the Outstanding Bonds to the paying agent as hereinabove provided, the Agent shall transfer any monies or Government Securities then held hereunder to the County and this Agreement shall terminate.

SECTION 2.04. Excess Funds. Except as provided in Section 2.06 hereof, amounts held by the Agent, representing interest on the Government Securities in excess of the amount necessary to make the corresponding payment of principal and/or interest on the Outstanding Bonds, shall be held by the Agent without interest and shall be applied before any other Escrow Fund monies to the payment of the next ensuing principal and/or interest payment on the Outstanding Bonds. Upon retirement of all the Outstanding Bonds, the Agent shall pay any excess amounts remaining in the Escrow Fund to the County.

SECTION 2.05. Reports. The Escrow Agent shall deliver to the County Clerk of the County a monthly report summarizing all transactions relating to the Escrow Fund; and on or before the first day of August of each year shall deliver to the County Clerk and the Finance Director a report current as of June 30 of that year, which shall summarize all transactions relating to the Escrow Fund effected during the immediately preceding fiscal year of the County and which also shall set forth all assets in the Escrow Fund as of June 30 and set forth opening and closing balances thereof for that fiscal year.

SECTION 2.06. Investment of Moneys Remaining in Escrow Fund. The Agent may invest and reinvest any monies remaining from time to time in the Escrow Fund until such time as they are needed. Such monies shall be invested in Government Obligations, maturing no later than the next interest payment date of the Outstanding Bonds, or for such periods or at such interest rates as the Agent shall be directed by Written Request, provided, however, that the County shall furnish the Agent, as a condition precedent to such investment, with an opinion from nationally recognized bond counsel stating that such reinvestment is not inconsistent with the statutes and regulations applicable to the Refunding Bonds or the Outstanding Bonds. Any interest income resulting from reinvestment of monies pursuant to this Section 2.06 shall be applied first to the payment of principal of and interest on the Outstanding Bonds to the extent the Escrow is or will be insufficient to retire the Outstanding Bonds as set forth on Exhibit A and any excess shall be paid to the County to be applied to the payment of the Refunding Bonds or the expenses of issuance thereof.

SECTION 2.07. Irrevocable Escrow Created. The deposit of monies in the Escrow Fund shall constitute an irrevocable deposit of said monies for the benefit of the holder of the Outstanding Bonds except as provided herein with respect to amendments permitted under Section 4.01 hereof. All the funds and accounts created and established pursuant to this Agreement shall be and constitute escrow funds for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of the County and the Agent and used only for the purposes and in the manner provided in this Agreement.

SECTION 2.08. Redemption of the Outstanding Bonds. The Outstanding Bonds shall be redeemed as stated on Exhibit C attached hereto. The Agent is authorized to give notice to the respective holders of the Outstanding Bonds as and when required by the resolution authorizing the Outstanding Bonds in the form attached hereto as Exhibit C.

ARTICLE III

CONCERNING THE AGENT

SECTION 3.01. Appointment of Agent. The County hereby appoints the Agent as escrow agent under this Agreement.

SECTION 3.02. Acceptance by Agent. By execution of this Agreement, the Agent accepts the duties and obligations as Agent hereunder. The Agent further represents that it has all requisite power, and has taken all corporate actions necessary to execute the escrow hereby created.

SECTION 3.03. Liability of Agent. The Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the County or any paying agent of its obligations, or to protect any of the County's rights under any bond proceedings or any of the County's other contracts with or franchises or privileges from any state, county, municipal or other governmental agency or with any person. The Agent shall not be liable for any act done or step taken or omitted to be taken by it, or for any mistake of fact or law, or anything which it may do or refrain from doing, except for its own negligence or willful misconduct in the performance or nonperformance of any obligation imposed upon it hereunder. The Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein or in the Outstanding Bonds or in the Refunding Bonds or in any proceedings taken in connection therewith, but they are made solely by the County. The Agent shall have no lien whatsoever upon any of the monies or investments in the Escrow Fund for the payment of fees and expenses for services rendered by the Agent under this Agreement.

The Agent shall not be liable for the accuracy of the calculations as to the sufficiency of Escrow Fund monies and Government Securities and the earnings thereon to pay the Outstanding Bonds. So long

as the Agent applies any monies, the Government Securities to pay the Outstanding Bonds as provided herein, and complies fully with the terms of this Agreement, the Agent shall not be liable for any deficiencies in the amounts necessary to pay the Outstanding Bonds caused by such calculations. The Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Agreement and in full compliance with the provisions hereof.

In the event of the Agent's failure to account for any of the Government Securities or monies received by it, said Government Securities or monies shall be and remain the property of the County in escrow for the benefit of the holders of the Outstanding Bonds, as herein provided, and if for any improper reason such Government Securities or monies are applied to purposes not provided for herein or misappropriated by the Agent, the assets of the Agent shall be impressed with a trust for the amount thereof until the required application of such funds shall be made or such funds shall be restored to the Escrow Fund.

SECTION 3.04. Permitted Acts. The Agent and its affiliates may become the owner of or may deal in the Refunding Bonds as fully and with the same rights as if it were not the Agent.

SECTION 3.05. Exculpation of Funds of Agent. Except as set forth in Section 3.03, none of the provisions contained in this Agreement shall require the Agent to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided.

SECTION 3.06. Qualifications of Agent. There shall at all times be an Agent hereunder that shall be a corporation or banking association organized and doing business under the laws of the United States or any state, located in the State of Tennessee, authorized under the laws of its incorporation to exercise the powers herein granted, having a combined capital, surplus, and undivided profits of at least \$75,000,000 and subject to supervision or examination by federal or state authority. If such corporation or association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this paragraph the combined capital, surplus, and undivided profits of such corporation or association shall be deemed to be its combined capital, surplus, and undivided profits as set forth in its most recent report of condition as published. In case at any time the Agent shall cease to be eligible in accordance with the provisions of this section, the Agent shall resign immediately in the manner and with the effect specified herein.

SECTION 3.07. Payment to Agent. The County agrees to pay the Agent, as reasonable and proper compensation under this Agreement the sum of \$_____. The Agent shall be entitled to reimbursement of all advances, counsel fees and expenses, and other costs made or incurred by the Agent in connection with its services and/or its capacity as Agent or resulting therefrom. In addition, the County agrees to pay to the Agent all out-of-pocket expenses and costs of the Agent incurred by the Agent in the performance of its duties hereunder, including all publication, mailing and other expenses associated with the payment of debt service of the Outstanding Bonds; provided, however, that, to the extent permitted by applicable law, the County agrees to indemnify the Agent and hold it harmless against any liability which it may incur while acting in good faith in its capacity as Agent under this Agreement, including, but not limited to, any court costs and attorneys' fees, and such indemnification shall be paid from available funds of the County and shall not give rise to any claim against the Escrow Fund.

SECTION 3.08. Resignation of Agent. The Agent may at any time resign by giving direct written notice to the County and by giving the holder of the Outstanding Bonds by first-class mail of such resignation. Upon receiving such notice of resignation, the County shall promptly appoint a successor escrow agent by resolution of its governing body. If no successor escrow agent shall have been appointed

and have accepted appointment within thirty (30) days after the publication of such notice of resignation, the resigning Agent may petition any court of competent jurisdiction located in Sullivan County, Tennessee, for the appointment of a successor, or any holder of the Outstanding Bonds may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor meeting the qualifications set forth in Section 3.06. The Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

SECTION 3.09. Removal of Agent. In case at any time the Agent shall cease to be eligible in accordance with the provisions of Section 3.06 hereof and shall fail to resign after written request therefor by the County or by any holder of the Outstanding Bonds, or the Agent shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Agent or any of its property shall be appointed, or any public officer shall take charge or control of the Agent or its property or affairs for the purpose of rehabilitation, conservation, or liquidation, then in any such case, the County may remove the Agent and appoint a successor by resolution of its governing body or any such holder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction situated in the County for the removal of the Agent and the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, remove the Agent and appoint a successor who shall meet the qualifications set forth in Section 3.08. Unless incapable of serving, the Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

Any resignation or removal of the Agent and appointment of a successor pursuant to any of the provisions of this Agreement shall become effective upon acceptance of appointment by the successor as provided in Section 3.10 hereof.

SECTION 3.10. Acceptance by Successor. Any successor escrow agent appointed as provided in this Agreement shall execute, acknowledge and deliver to the County and to its predecessor an instrument accepting such appointment hereunder and agreeing to be bound by the terms hereof, and thereupon the resignation or removal of the predecessor shall become effective and such successor, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Agent herein; but, nevertheless, on Written Request of the County or the request of the successor, the predecessor shall execute and deliver an instrument transferring to such successor all rights, powers and escrow property of the predecessor. Upon request of any such successor, the County shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor all such rights, powers and duties. No successor shall accept appointment as provided herein unless at the time of such acceptance such successor shall be eligible under the provisions of Section 3.07 hereof.

Any corporation into which the Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Agent shall be a party, or any corporation succeeding to the business of the Agent, shall be the successor of the Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor shall be eligible under the provisions of Section 3.07 hereof.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. Amendments to this Agreement. This Agreement is made for the benefit of the County, the holders from time to time for the Outstanding Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Agent and the County; provided, however, that the County and the Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Agent for the benefit of the holder[s] of the Outstanding Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holder of the Outstanding Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Notwithstanding the foregoing or any other provision of this Agreement, upon Written Request and upon compliance with the conditions hereinafter stated, the Agent shall have the power to and shall, in simultaneous transactions, sell, transfer, otherwise dispose of or request the redemption of the Government Obligations held hereunder and to substitute therefor direct obligations of, or obligations the principal of and interest on which are fully guaranteed by the United States of America, subject to the condition that such monies or securities held by the Agent shall be sufficient to pay principal of, premium, if any, and interest on the Outstanding Bonds. The Agent shall purchase such substituted securities with the proceeds derived from the maturity, sale, transfer, disposition or redemption of the Government Obligations held hereunder or from other monies available. The transactions may be effected only if there shall have been submitted to the Agent an independent verification by a nationally recognized independent certified public accounting firm concerning the adequacy of such substituted securities with respect to principal and the interest thereon and any other monies or securities held for such purpose to pay when due the principal of, premium, if any, and interest on the Outstanding Bonds in the manner required by the proceedings which authorized their issuance. Any surplus monies resulting from the sale, transfer, other disposition or redemption of the Government Obligations held hereunder and the substitutions therefor of direct obligations of, or obligations the principal of and interest on which is fully guaranteed by, the United States of America, shall be released from the Escrow Fund and shall be transferred to the County.

SECTION 4.02. Severability. If any provision of this Agreement shall be held or deemed to be invalid or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

SECTION 4.03. Governing Law. This Agreement shall be governed and construed in accordance with the law of the State of Tennessee.

SECTION 4.04. Notices. Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by Registered or Certified Mail, postage prepaid, or sent by telegram as follows:

To the County:

Sullivan County, Tennessee
3411 Highway 126
Blountville, Tennessee 37617
Attn: County Mayor

To the Agent:

The County and the Agent may designate in writing any further or different addresses to which subsequent notices, requests, communications or other papers shall be sent.

SECTION 4.05. Agreement Binding. All the covenants, promises and agreements in this Agreement contained by or on behalf of the parties shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 4.06. Termination. This Agreement shall terminate when all transfers and payments required to be made by the Agent under the provisions hereof shall have been made.

SECTION 4.07. Execution by Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

Signatures on Following Page

IN WITNESS WHEREOF, the County has caused this Agreement to be signed in its name by its County Mayor and attested by its County Clerk and the official seal of the County to be impressed hereon, and the Agent has caused this Agreement to be signed in its corporate name by its duly authorized officer, all as of the day and date first above written.

SULLIVAN COUNTY, TENNESSEE

By: _____
County Mayor

(SEAL)

County Clerk

as Escrow Agent

By: _____
Title: _____

EXHIBIT A

Sullivan County, Tennessee

Debt Service of **Industrial (Business) Park Bonds, Series 2007** in the original aggregate principal amount of \$ _____ to the Redemption Date

Paying Agent: U.S. Bank
Nashville, Tennessee

EXHIBIT B

Government Securities
Certificate of Indebtedness
U.S. State and Local Government Series

Amount Interest Rate Maturity Date Issue Date

Total Cost of Securities: \$ _____
Initial Cash Deposit: \$ _____

EXHIBIT C

NOTICE OF REDEMPTION
SULLIVAN COUNTY, TENNESSEE

NOTICE IS HEREBY GIVEN that Sullivan County, Tennessee (the "County"), has elected to and does exercise its option to call and redeem on [_____, 2015] all the County's outstanding Bonds (the "Outstanding Bonds") as follows:

Industrial (Business) Park Bonds, Series 2007, dated July 11, 2007, maturing [April 1, 2018, April 1, 2021, April 1, 2024 and April 1, 2028]

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Cusip No.</u>
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The owners of the above-described Outstanding Bonds are hereby notified to present the same to the offices of U. S. Bank National Association as follows, where redemption shall be made at the redemption price of par, plus interest accrued to the redemption date:

If by Mail: (REGISTERED BONDS)

U.S. Bank
Corporate Trust Services
P.O. Box 64111
St. Paul, MN 55164-0111

If by Hand or Overnight Mail:

U.S. Bank
Corporate Trust Services
60 Livingston Avenue
1st Fl – Note Drop Window
St. Paul, MN 55107

The redemption price will become due and payable on [April 1, 2017], upon each such Bond herein called for redemption and such Bond shall not bear interest beyond [April 1, 2017].

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

U.S. Bank National Association
Registration and Paying Agent

The Board of County Commissioners of Sullivan County, Tennessee, met in a regular session on December 15, 2014, at 9:00 a.m., at the Sullivan County Courthouse with Richard S. Venable, County Mayor, presiding, and the following members present: **Bowery, Calton, Cole, Crawford, Gardner, Grubb, Rare, Harkleroad, Harr, Herron, Hood, Kilgore, McGlothlin, Morrell, Neal, Bobby Russell, Cheryl Russell, Shull, Stanley, Vance, White, Williams**

There were absent: **Johnson , Houser**

There were also present Jeannie Gammon, County Clerk and Larry G. Bailey, Accounts and Budgets Director.

It was announced that public notice of the time, place and purpose of the meeting had been given and accordingly, the meeting was called to order.

The following resolution was introduced by Williams, seconded by White and after due deliberation, were adopted by the following vote:

AYE: 22

NAY:

ABSENT: 2

Sullivan County, Tennessee
Board of County Commissioners

Item 11
No. 2014-12-90
Attachment

To the Honorable Richard S. Venable, Sullivan County Mayor and the Board of Sullivan County Commissioners meeting in Regular Session this 15th day of December 2014.

RESOLUTION To Authorize the Issuance of County District School Refunding Bonds of Sullivan County in the Approximate Principal Amount of \$7,550,000

WHEREAS, bond documents hereto attached provide for refunding bonds in the approximate amount of seven million five hundred fifty thousand dollars (\$7,550,000);

NOW THEREFORE BE IT RESOLVED by the Board of County Commissioners of Sullivan County, Tennessee assembled in Regular Session approve the terms set out in the attached documents for the purpose of County District School Refunding Bonds.

This resolution shall take effect from and after its passage. All resolutions in conflict herewith be and the same rescinded insofar as such conflict exists.

Approved this 15th day of December 2014.

Attested:


Jeanie Gammon, County Clerk

Approved:


Richard S. Venable, County Mayor

Sponsored By: Commissioner Eddie Williams

Prime Co-Sponsor(s): Commissioner Bob White
All Commissioners Voting "Aye"

ACTIONS: Approved 12-15-14 23 Aye, 1 Absent

RESOLUTION AUTHORIZING THE ISSUANCE, IN ONE OR MORE SERIES, OF COUNTY DISTRICT SCHOOL REFUNDING BONDS OF SULLIVAN COUNTY, TENNESSEE, IN THE APPROXIMATE PRINCIPAL AMOUNT OF SEVEN MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS (\$7,550,000) FOR THE PURPOSE OF REFUNDING ALL OR A PORTION OF CERTAIN OUTSTANDING BONDS OF THE COUNTY; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BONDS; ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; AND PROVIDING FOR THE LEVY OF TAXES FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS.

WHEREAS, Sullivan County, Tennessee (the "County") has previously issued and there is currently outstanding County District School Refunding Bonds, Series 2004, dated November 1, 2004, maturing May 1, 2015 through May 1, 2019, inclusive (the "Outstanding Bonds") issued pursuant to Sections 49-3-1001 et seq., Tennessee Code Annotated ; and

WHEREAS, counties in Tennessee are authorized by Sections 9-21-101 et seq., Tennessee Code Annotated, to issue, by resolution, bonds to refund, redeem or make principal and interest payments on their previously issued bonds, notes or other obligations; and

WHEREAS, the Board of County Commissioners of the County has determined that the Outstanding Bonds can be refunded and will effect a cost savings to the public; and

WHEREAS, the plan of said refunding has been submitted to the Director of State and Local Finance as required by Section 9-21-903, Tennessee Code Annotated, and said report on the plan of refunding has been issued and is attached hereto as Exhibit A; and

WHEREAS, it is the intention of the Board of County Commissioners to adopt this resolution for the purpose of authorizing the issuance of general obligation county district school refunding bonds, in one or more series, for the purpose of refunding all or a portion of the Outstanding Bonds, providing for the issuance, sale and payment of said bonds, establishing the terms thereof and the disposition of proceeds therefrom and providing for the levy of a tax for the payment of principal thereof, premium, if any, and interest thereon on all taxable property within that portion of the County lying outside the territorial limits of the Cities of Bristol, Kingsport and Johnson City, Tennessee.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Sullivan County, Tennessee, as follows:

Section 1. Authority. The bonds authorized by this resolution are issued pursuant to Sections 9-21-101, et seq., and 49-3-1001 et seq., Tennessee Code Annotated, and other applicable provisions of law.

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

(a) "Bonds" means County District School Refunding Bonds authorized herein;

(b) "Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which physical bond certificates in fully registered form are issued to a Depository, or to its nominee as Registered Owner, with the certificate of bonds being held by and "immobilized" in the custody of such Depository, and under which records maintained by persons, other than the County or the

Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial "book-entry" interests in those bonds;

(c) "Code" shall mean the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder;

(d) "County" shall mean Sullivan County, Tennessee;

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

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

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

(h) "Debt Management Policy" means the Debt Management Policy adopted by the Governing Body as required by the State Funding Board of the State of Tennessee;

(i) "Escrow Agent" means the escrow agent appointed by the County Mayor, or its successor;

(j) "Financial Advisor" means Stephens, Inc.;

(k) "Governing Body" means the Board of County Commissioners of the County;

(l) "Outstanding Bonds" shall have the meaning set forth in the preamble hereto;

(m) "Refunded Bonds" means the maturities or portions of maturities of the Outstanding Bonds designated by the County Mayor pursuant to Section 8 hereof;

(n) "Refunding Escrow Agreement" shall mean the Refunding Escrow Agreement, dated as of the date of the Bonds; to be entered into by and between the County and the Escrow Agent, in the form of the document attached hereto and incorporated herein by this reference as Exhibit D, subject to such changes therein as shall be permitted by Section 11 hereof;

(o) "Registration Agent" means the registration and paying agent for the Bonds appointed by the County Mayor pursuant to Section 4 hereof; and

(p) "State Director" shall mean the Director of State and Local Finance for the State of Tennessee.

Section 3. Findings of the Governing Body; Compliance with Debt Management Policy. It is hereby found and determined by the Governing Body that the issuance and sale of the Bonds, as proposed herein, is consistent with the County's Debt Management Policy. The issuance of the Bonds authorized by this resolution is advisable because it will result in the reduction in debt service payable by the County over the term of the Outstanding Bonds. The Bonds authorized herein will be structured so as not to extend beyond the original term of the Refunded Bonds. The refinancing analysis, including estimated interest, has been fully disclosed and is attached hereto as Exhibit B. As required by the Debt

Management Policy, the State Form CT-0253 with estimated costs of issuance is also attached as part of Exhibit B.

Section 4. Authorization and Terms of the Bonds.

(a) For the purpose of providing funds to refund the Refunded Bonds and pay the costs incident to the issuance and sale of the Bonds, as more fully set forth in Section 9 hereof, there are hereby authorized to be issued bonds, in one or more series, of the County in the approximate principal amount of \$7,550,000 to pay the principal of, premium and interest on the Refunded Bonds and pay costs of issuance of the Bonds. The Bonds shall be issued in fully registered, book-entry only form (except as otherwise permitted herein), without coupons, shall be issued in one or more series, shall be known as "County District School Refunding Bonds" and shall have such series designation and dated date as shall be determined by the County Mayor pursuant to Section 8 hereof. The rate or rates on the Bonds shall not exceed the maximum interest rate permitted by applicable law at the time of the sale of the Bonds, or any series thereof. Subject to the adjustments permitted pursuant to Section 8 hereof, interest on the Bonds shall be payable semi-annually on May 1 and November 1 in each year, commencing November 1, 2015. The Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof, as shall be requested by the original purchaser, and, subject to adjustment as permitted by Section 8 hereof, shall mature, subject to prior redemption, either serially or through mandatory redemption on May 1 of each year, in the years 2016 through 2019, inclusive. Attached hereto as Exhibit B is a preliminary debt service estimate of the amortization of the Bonds; provided, however, such amortization may be adjusted in accordance with Section 8 hereof.

(b) Subject to the adjustments permitted pursuant to Section 8 hereof, the Bonds, or any series thereof shall mature without option of redemption prior to maturity. If adjustments are made as permitted pursuant to Section 8 hereof and if less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

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

(c) Pursuant to Section 8 hereof, the County Mayor is authorized to sell the Bonds, or any maturities thereof, as term bonds ("Term Bonds") with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by the County Mayor. In the event any or all the Bonds are sold as Term Bonds, the County shall redeem Term Bonds on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the maturity amounts established pursuant to Section 8 hereof for each redemption date, as such maturity amounts may be adjusted pursuant to Section 8 hereof, at a price of par plus accrued interest thereon to the date of redemption. The Term Bonds to be redeemed within a single maturity shall be selected in the manner described in subsection (b) above.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such mandatory redemption date, the County may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its

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

(d) Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the County not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the County pursuant to written instructions from an authorized representative of the County (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

(e) The County Mayor is hereby authorized and directed to appoint the Registration Agent for the Bonds and the Registration Agent so appointed is authorized and directed to maintain Bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance or upon transfer, to effect transfers of the Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Bonds as provided herein, to cancel and destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the County at least annually a certificate of destruction with respect to Bonds canceled and destroyed, and to furnish the County at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds. The County Mayor is hereby authorized to execute and the County Clerk is hereby authorized to attest such written agreement between the County and the Registration Agent as they shall deem

necessary and proper with respect to the obligations, duties and rights of the Registration Agent. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

(f) The Bonds shall be payable, both principal and interest, in lawful money of the United States of America at the main office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds by check or draft on each interest payment date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by depositing said payment in the United States mail, postage prepaid, addressed to such owners at their addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the County in respect of such Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. In the event the Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

(g) Any interest on any Bond that is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the County 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 County 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 County shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the County of such Special Record Date and, in the name and at the expense of the County, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the County to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Bonds when due.

(h) The Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Bond(s) accompanied by appropriate

documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Bond or the Bond to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the County to call such Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the County nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bonds shall be overdue. The Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in any authorized denomination or denominations.

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

(j) Except as otherwise provided in Section 8 hereof, the Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. References in this Section to a Bond or the Bonds shall be construed to mean the Bond or the Bonds that are held under the Book-Entry System. One Bond for each maturity shall be issued to DTC and immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

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

Payments of principal, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co. as provided in the Letter of Representation relating to the Bonds from the County and the Registration Agent to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the

Beneficial Owners. The County and the Registration Agent shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the County determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, the County shall discontinue the Book-Entry System with DTC. If the County fails to identify another qualified securities depository to replace DTC, the County shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner.

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

(k) The Registration Agent is hereby authorized to take such action 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, teletype or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the owners of the Bonds, provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.

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

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

Registration Agent; and the County may charge the applicant for the issue of such new Bond an amount sufficient to reimburse the County for the expense incurred by it in the issue thereof.

Section 5. Source of Payment. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within that portion of the County lying outside the territorial limits of the Cities of Bristol, Kingsport and Johnson City, Tennessee. Subject to the foregoing, the full faith and credit of the County are hereby irrevocably pledged to the payment of principal of, premium, if any, and interest on the Bonds.

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

(Form of Face of Bond)

REGISTERED
Number _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF SULLIVAN
COUNTY DISTRICT SCHOOL REFUNDING BOND, SERIES _____

Interest Rate:

Maturity Date:

Date of Bond:

CUSIP No.:

Registered Owner: CEDE & CO.

Principal Amount:

FOR VALUE RECEIVED, Sullivan County, Tennessee (the "County") hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth (or upon earlier redemption as set forth herein), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date [or redemption date], said interest being payable on [November 1, 2015], and semi-annually thereafter on the first day of [May] and [November] in each year until this Bond matures [or is redeemed]. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the principal corporate trust office of _____, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond on each interest payment date directly to the registered owner hereof shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at such owner's address shown on said Bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the County to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten

(10) days prior to such Special Record Date. Payment of principal of [and premium, if any, on] this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

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

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

[Bonds of the issue of which this Bond is one maturing May 1, ____ through May 1, ____, inclusive, shall mature without option of prior redemption, and Bonds maturing May 1, ____ and thereafter shall be subject to redemption prior to maturity at the option of the County on May 1, ____ and thereafter, as a whole or in part, at any time, at the redemption price of par plus interest accrued to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Board of County Commissioners of the County, in its discretion. If less than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

- (i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall

be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

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

[Subject to the credit hereinafter provided, the County shall redeem Bonds maturing _____ on the redemption dates set forth below opposite the maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as securities depository for the series of Bonds of which this Bond is one, or such Person as shall then be serving as the securities depository for the Bonds, shall determine the interest of each Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

<u>Final</u> <u>Maturity</u>	<u>Redemption</u> <u>Date</u>	<u>Principal Amount</u> <u>of Bonds</u> <u>Redeemed</u>
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***Final Maturity**

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

Notice of call for redemption[, whether optional or mandatory,] shall be given by the Registration Agent not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail,

postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth in the Resolution, as hereafter defined. In the case of a Conditional Redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.]

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

This Bond is one of a total authorized issue aggregating \$_____ and issued by the County for the purpose of providing funds to refund the County's outstanding [County District School Refunding Bonds, Series 2004, dated November 1, 2004, maturing May 1, 2016 through May 1, 2019, inclusive], under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101, et seq. and 49-3-1001, et seq., Tennessee Code Annotated, and pursuant to a resolution duly adopted by the Board of County Commissioners of the County on December 15, 2014 (the "Resolution").

This Bond is payable from unlimited ad valorem taxes to be levied on all taxable property within that portion of the County lying outside the territorial limits of the Cities of Bristol, Kingsport and Johnson City, Tennessee. Subject to the foregoing, the full faith and credit of the County are hereby irrevocably pledged to the payment of principal of, premium, if any, and interest on the Bonds. For a more complete statement of the general covenants and provisions pursuant to which this Bond is issued, reference is hereby made to said Resolution.

This Bond and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Bond during the period the Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bond in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the County, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the County has caused this Bond to be signed by its County Mayor with his manual or facsimile signature and attested by its County Clerk with her manual or facsimile signature under an impression or facsimile of the corporate seal of the County, all as of the date hereinabove set forth.

SULLIVAN COUNTY

BY: _____
County Mayor

(SEAL)

ATTESTED:

County Clerk

Transferable and payable at the principal corporate trust office of: _____

Date of Registration: _____

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

Registration Agent

By: _____
Authorized Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto _____, whose address is _____ (Please insert Federal Identification or Social Security Number of Assignee _____), the within Bond of Sullivan County, Tennessee, and does hereby irrevocably constitute and appoint

_____, attorney, to transfer the said Bond on the records kept for registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

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

Section 7. Pledge of Net Revenues and Levy of Tax. The County, through its Governing Body, shall annually levy and collect a tax upon all taxable property within that portion of the County lying outside the territorial limits of the Cities of Bristol, Kingsport and Johnson City, Tennessee, in addition to all other taxes authorized by law, sufficient to pay principal of, premium, if any, and interest on the Bonds when due and for that purpose there is hereby levied a direct annual tax in such amount as may be found necessary each year to pay principal and interest coming due on the Bonds in said year. Principal and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the County and reimbursement therefor shall be made out of the taxes hereby provided to be levied when the same shall have been collected. The tax herein provided may be reduced to the extent of any appropriations from other funds, taxes and revenues of the County, to the payment of debt service on the Bonds.

Section 8. Sale of Bonds.

(a) The Bonds shall be offered for public sale, as required by law, in one or more series, at a price of not less than ninety-nine percent (99%) of par, plus accrued interest, as a whole or in part from time to time as shall be determined by the County Mayor.

(b) The Bonds, or any series thereof, shall be sold by delivery of bids via physical delivery, mail, fax, or telephone or by electronic bidding means of an Internet bidding service as shall be determined by the County Mayor.

(c) If the Bonds are sold in more than one series, the County Mayor is authorized to cause to be sold in each series an aggregate principal amount of Bonds less than that shown in Section 4 hereof for each series, so long as the total aggregate principal amount of all series issued does not exceed the total aggregate of Bonds authorized to be issued herein.

(d) The County Mayor is further authorized with respect to each series of Bonds to:

(1) change the dated date of the Bonds or any series thereof, to a date other than the date of issuance of the Bonds;

(2) change the designation of the Bonds, or any series thereof, to a designation other than "County District School Refunding Bonds" and to specify the series designation of the Bonds, or any series thereof;

(3) change the first interest payment date on the Bonds or any series thereof to a date other than November 1, 2015, provided that such date is not later than twelve months from the dated date of such series of Bonds;

(4) adjust the principal and interest payment dates and the maturity amounts of the Bonds, or any series thereof, provided that (A) the total principal amount of all series of the Bonds does not exceed the total amount of Bonds authorized herein necessary to refund the Refunded Bonds; and (B) the final maturity date of each series shall not exceed the end of the fiscal year of the final maturity of the Outstanding Bonds refunded by such series;

(5) adjust the County's optional redemption provisions of the Bonds including making the Bonds callable prior to maturity, 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 refinance less than all of the Outstanding Bonds to maximize the objectives of refinancing the Outstanding Bonds;

(7) sell the Bonds, or any series thereof, or any maturities thereof as Term Bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as otherwise determined by the County Mayor, as she shall deem most advantageous to the County; and

(8) 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 if such insurance is requested and paid for by the winning bidder of the Bonds, or any series thereof.

(e) The County Mayor is authorized to sell the Bonds, or any series thereof, simultaneously with any other bonds or notes authorized by resolution or resolutions of the Governing Body. The County 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 Governing Body, in one or more series as she shall deem to be advantageous to the County and in doing so, the County Mayor is authorized to change the designation of the Bonds to a designation other than "County District School Refunding Bonds"; provided, however, that the total aggregate principal amount of combined bonds to be sold does not exceed the total aggregate principal amount of Bonds authorized by this resolution or bonds authorized by any other resolution or resolutions adopted by the Governing Body.

(f) The County 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 County, provided the rate or rates on the Bonds do not exceed the maximum rate permitted by applicable Tennessee law at the time of the issuance of the Bonds or any series thereof. The award of the Bonds by the County Mayor to the lowest bidder shall be binding on the County, and no further action of the Governing Body with respect thereto shall be required. If permitted in the notice of sale for the Bonds, or any series thereof: (i) the successful bidder may request that the Bonds, or any such series thereof, be issued in the form of fully registered certificated Bonds in the name of the successful bidder or as directed by the successful bidder, in lieu of registration using the Book-Entry System, and (ii) the successful bidder may assign its right to purchase the Bonds, or any series thereof, to a third party provided, however, that upon such assignment, the successful bidder shall remain obligated to perform all obligations relating to the purchase of the Bonds as

the successful bidder, including the delivery of a good faith deposit, the execution of required documents and the payment of the purchase price, if such successful bidder's assignee does not perform any of such obligations.

(g) The County Mayor and County Clerk are authorized to cause the Bonds to be authenticated and delivered by the Registration Agent to the successful bidder, or as the successful bidder directs, 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. The County Mayor is hereby authorized to enter into a contract with the Financial Advisor, for financial advisory services in connection with the sale of the Bonds and to enter into a contract with Bass, Berry & Sims PLC to serve as bond counsel in connection with the Bonds in substantially the form presented as Exhibit C, with such changes as may be approved by the County Mayor as evidenced by his execution thereof.

(h) The form of the Bond set forth in Section 6 hereof, shall be conformed to reflect any changes made pursuant to this Section 8 hereof.

(i) No Bonds shall be issued as "balloon indebtedness" under Tennessee Code Annotated, Section 9-21-134 except upon receipt of approval of the Director of State and Local Government unless otherwise exempt.

Section 9. Disposition of Bond Proceeds. The proceeds of the sale of each series of the Bonds shall be applied by the County as follows:

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

(b) an amount, which together with legally available funds of the County, if any, and investment earnings thereon, will be sufficient to pay principal of, premium, if any, and interest on the Refunded Bonds until and through the redemption date therefor shall be transferred to the Escrow Agent under the Refunding Escrow Agreement to be deposited to the Escrow Fund established thereunder to be held and applied as provided therein; and

(c) the remainder of the proceeds of the sale of the Bonds shall be used to pay the costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, bond insurance premium, if any, administrative and clerical costs, rating agency fees, Registration Agent fees, and other miscellaneous expenses incurred in connection with the issuance and sale of the Bonds.

(d) In accordance with state law, the various department heads responsible for the fund or funds receiving and disbursing funds are hereby authorized to amend the budget of the proper fund or funds for the receipt of proceeds from the issuance of the obligations authorized by this resolution including bond and note proceeds, accrued interest, reoffering premium and other receipts from this transaction. The department heads responsible for the fund or funds are further authorized to amend the proper budgets to reflect the appropriations and expenditures of the receipts authorized by this resolution.

Section 10. Official Statement. The County Mayor, the Director of Accounts and Budgets, and the County Clerk, or any of them, are hereby authorized and directed to provide for the preparation and distribution, which may include electronic distribution, of a Preliminary Official Statement describing the Bonds. After bids have been received and the Bonds have been awarded, the County Mayor, the Director of Accounts and Budgets and the County Clerk, or any of them, shall make such completions,

omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The County Mayor, the Director of Accounts and Budgets and the County Clerk, or any of them, shall arrange for the delivery to the successful bidder on the Bonds of a reasonable number of copies of the Official Statement within seven business days after the Bonds have been awarded for delivery, by the successful bidder on the Bonds, to each potential investor requesting a copy of the Official Statement and to each person to whom such bidder and members of his bidding group initially sell the Bonds.

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

If the winning bidder or its purchaser or assignee does not intend to reoffer the Bonds to the public as evidenced by a certificate executed by the winning bidder and/or its purchaser or assignee, then an Official Statement is authorized, but not required, as shall be determined by the County Mayor in consultation with the Financial Advisor and Bond Counsel.

Section 11. Refunding Escrow Agreement. For the purpose of providing for the payment of the principal of, premium, if any, and interest on the Refunded Bonds, the County Mayor is hereby authorized and directed to execute and the County Clerk to attest on behalf of the County the Refunding Escrow Agreement with the Escrow Agent and to deposit with the Escrow Agent the amounts to be used by the Escrow Agent to purchase Government Securities as provided therein; provided, however, that the yield on such investments shall be determined in such manner that none of the Refunded Bonds will be an "arbitrage bond" within the meaning of Section 148 (a) of the Code. The form of the Refunding Escrow Agreement presented to this meeting and attached hereto as Exhibit D is hereby in all respects approved and the County Mayor and the County Clerk are hereby authorized and directed to execute and deliver same on behalf of the County in substantially the form thereof presented to this meeting, or with such changes as may be approved by the County Mayor and County Clerk, their execution thereof to constitute conclusive evidence of their approval of all such changes. The Escrow Agent is hereby authorized and directed to hold and administer all funds deposited in trust for the payment when due of principal of, premium, if any, and interest on the Refunded Bonds and to exercise such duties as set forth in the Refunding Escrow Agreement.

Section 12. Notice of Refunding. Prior to the issuance of the Bonds, or any series thereof, if required, notice of the County's intention to refund the Refunded Bonds, shall be given by the registration agent for the Refunded Bonds to be mailed by first-class mail, postage prepaid, to the registered holders thereof, as of the date of the notice, as shown on the bond registration records maintained by such registration agent of said Refunded Bonds. Such notice shall be in the form consistent with applicable law. The County Mayor, the Director of Accounts and Budgets and the County Clerk, or any of them, is hereby authorized and directed to authorize the registration agent of said Refunded Bonds to give such notice on behalf of the County in accordance with this Section.

Section 13. Tax Matters. The County recognizes that the purchasers and owners of each series of the Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon is excludable from gross income for purposes of federal income taxation under laws in

force on the date of delivery of such Bonds. In this connection, the County agrees that it shall take no action which may cause the interest on any Bonds to be included in gross income for federal income taxation. It is the reasonable expectation of the Governing Body of the County that the proceeds of the Bonds will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of each series of the Bonds and other related funds established for the purposes herein set out shall be used and spent expeditiously for the purposes described herein. The Governing Body further covenants and represents that in the event it shall be required by Section 148(f) of the Code to pay any investment proceeds of the Bonds to the United States government, it will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Bonds from becoming taxable. The County Mayor, the County Clerk and the Finance Director, or any of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as either or both shall deem appropriate, and such certifications shall constitute a representation and certification of the County. Following the issuance of the Bonds, the Accounts and Budget Director is directed to administer the County's Federal Tax Compliance Policies and Procedures with respect to the Bonds.

Section 14. Discharge and Satisfaction of Bonds. If the County shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways, to wit:

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

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

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

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

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

Except as otherwise provided in this Section, neither Federal Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Federal Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Federal Obligations deposited with the Registration Agent, (A) to

the extent such cash will not be required at any time for such purpose, shall be paid over to the County as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Federal Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said 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 County, as received by the Registration Agent. For the purposes of this Section, Federal Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee Law for the purposes described in this Section, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

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

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

Section 17. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 18. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Adopted and approved this 15th day of December, 2014.

County Mayor

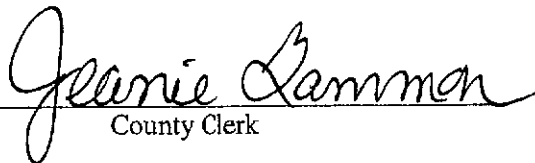
ATTEST:

County Clerk

STATE OF TENNESSEE)
COUNTY OF SULLIVAN)

I, Jeannie Gammon, certify that I am the duly qualified and acting County Clerk of Sullivan County, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the governing body of the County held on December 15, 2015; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to the refunding of certain of the County's outstanding County District School Refunding Bonds.

WITNESS my official signature and seal of said County this 15th day of December, 2014.



County Clerk

(SEAL)

EXHIBIT A

REPORT ON PLAN OF REFUNDING

EXHIBIT B

PRELIMINARY DEBT SERVICE ESTIMATE AND ESTIMATED COSTS OF ISSUANCE

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+i
06/30/2015	-	-	-	-
06/30/2016	1,865,000.00	0.450%	75,927.96	1,940,927.96
06/30/2017	1,870,000.00	0.700%	57,000.00	1,927,000.00
06/30/2018	1,895,000.00	1.000%	43,910.00	1,938,910.00
06/30/2019	1,920,000.00	1.300%	24,960.00	1,944,960.00
Total	\$7,550,000.00	-	\$201,797.96	\$7,751,797.96

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)

1. Public Entity:							
Name:	Sullivan County, Tennessee						
Address:	3411 Highway 126 Blountville, Tennessee 37617						
Debt Issue Name:	County District School Refunding Bonds, Series 2015						
If developing initially for a program, attach the form specified for updates, indicating the frequency required.							
2. Face Amount: \$ 7,550,000.00							
Premium/Discount:	\$ _____						
3. Interest Cost: _____ % <input checked="" type="checkbox"/> Tax-exempt <input type="checkbox"/> Taxable							
<input type="checkbox"/> TIC <input type="checkbox"/> TIC							
<input type="checkbox"/> Variable: Index _____ plus _____ basis points; or							
<input type="checkbox"/> Variable: Remarketing Agent _____							
<input type="checkbox"/> Other: _____							
4. Debt Obligation:							
<input type="checkbox"/> FRAN <input type="checkbox"/> RAN <input type="checkbox"/> EDN							
<input type="checkbox"/> SAN <input type="checkbox"/> CRAN <input type="checkbox"/> GAN							
<input checked="" type="checkbox"/> Bond <input type="checkbox"/> Loan Agreement <input type="checkbox"/> Capital Lease							
If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Office of State and Local Finance (OSLF).							
5. Ratings:							
<input type="checkbox"/> Unrated							
Moodys's _____	Standard & Poor's _____						
Fitch _____							
6. Purpose:							
<input type="checkbox"/> General Government _____ %	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #cccccc;">WRITE DESCRIPTION</th> </tr> </thead> <tbody> <tr> <td>_____</td> </tr> <tr> <td>_____</td> </tr> <tr> <td>_____</td> </tr> <tr> <td>_____</td> </tr> <tr> <td>_____</td> </tr> </tbody> </table>	WRITE DESCRIPTION	_____	_____	_____	_____	_____
WRITE DESCRIPTION							

<input type="checkbox"/> Education _____ %							
<input type="checkbox"/> Utilities _____ %							
<input type="checkbox"/> Other _____ %							
<input checked="" type="checkbox"/> Refunding/Renewal 100.00 %							
Refund a portion of Co. Dist. School Ref. Bonds, S2004							
7. Security:							
<input checked="" type="checkbox"/> General Obligation	<input type="checkbox"/> General Obligation - Revenue/Tax						
<input type="checkbox"/> Revenue	<input type="checkbox"/> Tax Increment Financing (TIF)						
<input type="checkbox"/> Annual Appropriation (Capital Lease Only)	<input type="checkbox"/> Other (Describe): _____						
8. Type of Sale:							
<input checked="" type="checkbox"/> Competitive Public Sale	<input type="checkbox"/> Interfund Loan _____						
<input type="checkbox"/> Negotiated Sale	<input type="checkbox"/> Loan Program _____						
<input type="checkbox"/> Informal Bid							
9. Date:							
Order Date: _____	Issue/Closing Date: _____						

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-1511)

12. Recurring Costs:

No Recurring Costs

	AMOUNT (Basket 15/9)	FIRM NAME (If different from #11)
Remarketing Agent		
Paying Agent / Registrar	300	
Trustee		
Liquidity / Credit Enhancement		
Escrow Agent		
Sponsorship / Program / Admin		
Other		

13. Disclosure Document / Official Statement:

None Prepared

MMA link _____ or

Copy attached _____

14. Continuing Disclosure Obligations:

Is there an existing continuing disclosure obligation related to the security for this debt? Yes No

Is there a continuing disclosure obligation agreement related to this debt? Yes No

If yes to either question, date that disclosure is due: June 30

Name and title of person responsible for compliance: Accounts and Budgets Director

15. Written Debt Management Policy:

Governing Body's approval date of the current version of the written debt management policy: 12/10/2011

Is the debt obligation in compliance with and clearly authorized under the policy? Yes No

16. Written Derivative Management Policy:

No derivative

Governing Body's approval date of the current version of the written derivative management policy: _____

Date of letter of compliance for derivative: _____

Is the derivative in compliance with and clearly authorized under the policy? Yes No

17. Submission of Report:

To the Governing Body: on _____ and presented at public meeting held on _____

Copy to OS/submit to OSUK: on _____ other by: _____

Mail to: 505 Deaderick Street, Suite 1500
James M. Polk State Office Building
Nashville, TN 37243-1502

Email to: StateAndLocalFinancePublicDisclosure@dot.tn.gov

18. Signatures:

	AUTHORIZED REPRESENTATIVE	PREPARED
Name	<u>Richard S. Venable</u>	<u>Karen S. Neal</u>
Title	<u>County Mayor</u>	<u>Member</u>
Firm		<u>Bass, Berry & Sims PLC</u>
Email		<u>kneal@bassberry.com</u>
Date		

EXHIBIT C

FORM OF ENGAGEMENT LETTER

LETTERHEAD OF BASS, BERRY & SIMS PLC

December __, 2014

Sullivan County, Tennessee
3411 Highway 126
Blountville, Tennessee 37617
Attention: Richard S. Venable, County Mayor

**Re: Issuance of Approximately \$7,550,000 in Aggregate Principal Amount of
County District School Refunding**

Dear Mayor Venable:

The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as bond counsel to Sullivan County, Tennessee (the "Issuer"), in connection with the issuance of the above-referenced bonds (the "Bonds"). We understand that the Bonds are being issued for the purpose of providing funds necessary to refinance all or a portion of certain of the Issuer's outstanding bonds and to pay costs of issuance of the Bonds, as more fully set forth in the resolution adopted by the County Commission on December 15, 2014. We further understand that the Bonds will be sold at a competitive public sale.

SCOPE OF ENGAGEMENT

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

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

6. Assist the Issuer in presenting information to bond rating organizations and providers of credit enhancement relating to legal issues affecting the issuance of the Bonds, if requested.
7. Prepare and review the notice of sale pertaining to the competitive sale of the Bonds, if any, and review the bond purchase agreement, if sold at negotiated sale.

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

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

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

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

- g. Opining on any continuing disclosure undertaking pertaining to the Bonds or, after Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking.
- h. Representing the Issuer in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.
- i. Addressing any other matter not specifically set forth above that is not required to render our Bond Opinion.

ATTORNEY-CLIENT RELATIONSHIP

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

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

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

FEES

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Bonds; (ii) the duties we will undertake pursuant to this engagement letter; (iii) the time we anticipate devoting to the financings; and (iv) the responsibilities we will assume in connection therewith, we estimate that our fee will be \$1 for the Bonds. Our fees may vary: (a) if the principal amount of Bonds actually issued differs significantly from the amounts stated above; (b) if material changes in the structure or schedule of the respective financings occur; or (c) if unusual or unforeseen circumstances arise which require a significant increase in our time or responsibility. If, at any time, we believe that circumstances require an adjustment of our original fee estimates, we will advise you and prepare and provide to you an amendment to this engagement letter. The fees quoted

above will include all out-of-pocket expenses advanced for your benefit, such as travel costs, photocopying, deliveries, long distance telephone charges, telecopier charges, filing fees, computer-assisted research and other expenses.

If, for any reason, the financing represented by the Bonds is completed without the delivery of our Bond Opinion as bond counsel or our services are otherwise terminated, we will expect to be compensated at our normal rates for the time actually spent on your behalf plus client charges as described above unless we have failed to meet our responsibilities under this engagement, but in no event will our fees exceed the amount set forth above.

RECORDS

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

OTHER MATTERS

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

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

CONCLUSION

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

SULLIVAN, TENNESSEE:

BASS, BERRY & SIMS PLC:

By: _____
Richard S. Venable, County Mayor

By: _____
Karen S. Neal, Member

EXHIBIT D

FORM OF REFUNDING ESCROW AGREEMENT

This Refunding Escrow Agreement is made and entered into as of the ____ day of _____, 2013 by and between Sullivan County, Tennessee (the "County"), and _____ (the "Agent").

WITNESSETH:

WHEREAS, the County has previously issued its County District School Refunding, Series 2004, dated November 1, 2004, maturing [May 1, 2016 through May 1, 2019], inclusive (the "Outstanding Bonds"); and

WHEREAS, the County has determined to provide for the refinancing of the Outstanding Bonds by depositing in escrow with the Agent funds as herein provided; and

WHEREAS, in order to obtain a portion of the funds to be applied as herein provided, the County has authorized and issued its County District School Refunding Bonds, Series [2015] (the "Refunding Bonds"); and

WHEREAS, a portion of the proceeds derived from the sale of the Refunding Bonds will be deposited, along with other available monies of the County, in escrow with the Agent hereunder and applied as herein provided; and

WHEREAS, in order to create the escrow hereinabove described, provide for the deposit of a portion of proceeds of said Refunding Bonds and other available monies of the County and the application thereof, and to provide for the payment of the debt service on the Outstanding Bonds, the parties hereto do hereby enter into this Agreement.

NOW, THEREFORE, the County, in consideration of the foregoing and the mutual covenants herein set forth, does by these presents hereby grant, warrant, demise, release, convey, assign, transfer, alien, pledge, set over and confirm, to the Agent, and to its successors hereunder, and to it and its assigns forever, in escrow, all and singular the property hereinafter described to wit:

DIVISION I

All right, title and interest of the County in and to \$_____ (consisting of \$_____ derived from the proceeds of the sale of the Refunding Bonds and \$_____ other available monies of the County).

DIVISION II

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred in escrow hereunder by the County or by anyone in its behalf to the Agent, which is hereby authorized to receive the same at any time to be held in escrow hereunder.

DIVISION III

All property that is by the express provisions of this Agreement required to be subject to the pledge hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subject to the pledge hereof, by the County or by anyone in its behalf, and the Agent is hereby authorized to receive the same at any time to be held in escrow hereunder.

TO HAVE AND TO HOLD, all and singular, the escrowed property, including all additional property which by the terms hereof has or may become subject to this Agreement, unto the Agent, and its successors and assigns, forever.

ARTICLE I

DEFINITIONS AND CONSTRUCTION

SECTION 1.01. Definitions. In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended:

“Agent” means _____, _____, _____, its successors and assigns.

“Agreement” means this Refunding Escrow Agreement, dated as of the date of the Refunding Bonds, between the County and the Agent.

“County” means the Sullivan County, Tennessee.

“Escrow Fund” shall have the meaning ascribed to it in Section 2.01 hereof.

“Escrow Property”, “escrow property” or “escrowed property” means the property, rights and interest of the County that are described in Divisions I through III of this Agreement and hereinabove conveyed in escrow to the Agent.

“Outstanding Bonds” has the meanings in the recitals hereto.

“Refunding Bonds” has the meanings in the recitals hereto.

“Written Request” shall mean a request in writing signed by the County Mayor of the County or by any other officer or official of the County duly authorized by the County to act in her place.

SECTION 1.02. Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word “person” shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

ARTICLE II

ESTABLISHMENT AND ADMINISTRATION OF FUNDS

SECTION 2.01. Creation of Escrow; Deposit of Funds. The County hereby creates and establishes with the Agent a special and irrevocable escrow composed of the Escrowed Property and

hereby deposits with the Agent and the Agent hereby acknowledges receipt of \$ _____ as described in Division I hereof. The monies so deposited, together with investment income therefrom, is herein referred to as the "Escrow Fund" and shall constitute a fund to be held by the Agent as a part of the Escrowed Property created, established, and governed by this Agreement.

SECTION 2.02. Investment of Funds. The monies described in Section 2.01 hereof shall be held or invested as follows:

(i) the amount of \$ _____ shall be used to purchase the Government Securities described on Exhibit B attached hereto; and

(ii) the amount of \$ _____ shall be held as cash in a non-interest-bearing account.

Except as provided in Sections 2.04 and 2.06 hereof, the investment income from the Government Securities in the Escrow Fund shall be credited to the Escrow Fund and shall not be reinvested. The Agent shall have no power or duty to invest any monies held hereunder or to make substitutions of Government Securities held hereunder or to sell, transfer, or otherwise dispose of the Government Securities acquired hereunder except as provided herein.

SECTION 2.03. Disposition of Escrow Funds. The Agent shall without further authorization or direction from the County collect the principal on the Government Securities promptly as the same shall fall due. From the Escrow Fund, to the extent that monies therein are sufficient for such purpose, the Agent shall make timely payments to the proper paying agent or agents, or their successors, for the Outstanding Bonds of monies sufficient for the payment of the principal of and interest on the Outstanding Bonds as the same shall become due and payable. Amounts and dates of principal and interest payments and the name and address of the paying agent with respect to the Outstanding Bonds are set forth on Exhibit A. Payment on the dates and to the paying agent in accordance with Exhibit A shall constitute full performance by the Agent of its duties hereunder with respect to each respective payment. The County represents and warrants that the Escrow Fund, if held, invested and disposed of by the Agent in accordance with the provisions of this Agreement, will be sufficient to make the foregoing payments. No paying agent fees, fees and expenses of the Agent, or any other costs and expenses associated with the Refunding Bonds or the Outstanding Bonds shall be paid from the Escrow Fund, and the County agrees to pay all such fees, expenses, and costs from its legally available funds as such payments become due. When the Agent has made all required payments of principal and interest on the Outstanding Bonds to the paying agent as hereinabove provided, the Agent shall transfer any monies or Government Securities then held hereunder to the County and this Agreement shall terminate.

SECTION 2.04. Excess Funds. Except as provided in Section 2.06 hereof, amounts held by the Agent, representing interest on the Government Securities in excess of the amount necessary to make the corresponding payment of principal and/or interest on the Outstanding Bonds, shall be held by the Agent without interest and shall be applied before any other Escrow Fund monies to the payment of the next ensuing principal and/or interest payment on the Outstanding Bonds. Upon retirement of all the Outstanding Bonds, the Agent shall pay any excess amounts remaining in the Escrow Fund to the County.

SECTION 2.05. Reports. The Escrow Agent shall deliver to the County Clerk of the County a monthly report summarizing all transactions relating to the Escrow Fund; and on or before the first day of August of each year shall deliver to the County Clerk and the Finance Director a report current as of June 30 of that year, which shall summarize all transactions relating to the Escrow Fund effected during the immediately preceding fiscal year of the County and which also shall set forth all assets in the Escrow Fund as of June 30 and set forth opening and closing balances thereof for that fiscal year.

SECTION 2.06. Investment of Moneys Remaining in Escrow Fund. The Agent may invest and reinvest any monies remaining from time to time in the Escrow Fund until such time as they are needed. Such monies shall be invested in Government Obligations, maturing no later than the next interest payment date of the Outstanding Bonds, or for such periods or at such interest rates as the Agent shall be directed by Written Request, provided, however, that the County shall furnish the Agent, as a condition precedent to such investment, with an opinion from nationally recognized bond counsel stating that such reinvestment of such monies will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Outstanding Bonds not to be excluded from gross income for Federal income tax purposes and that such investment is not inconsistent with the statutes and regulations applicable to the Refunding Bonds or the Outstanding Bonds. Any interest income resulting from reinvestment of monies pursuant to this Section 2.06 shall be applied first to the payment of principal of and interest on the Outstanding Bonds to the extent the Escrow is or will be insufficient to retire the Outstanding Bonds as set forth on Exhibit A and any excess shall be paid to the County to be applied to the payment of the Refunding Bonds or the expenses of issuance thereof.

SECTION 2.07. Irrevocable Escrow Created. The deposit of monies in the Escrow Fund shall constitute an irrevocable deposit of said monies for the benefit of the holder of the Outstanding Bonds except as provided herein with respect to amendments permitted under Section 4.01 hereof. All the funds and accounts created and established pursuant to this Agreement shall be and constitute escrow funds for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of the County and the Agent and used only for the purposes and in the manner provided in this Agreement.

SECTION 2.08. Redemption of the Outstanding Bonds. The Outstanding Bonds shall be redeemed as stated on Exhibit C attached hereto. The Agent is authorized to give notice to the paying agent for the Outstanding Bonds not less than 45 days prior to the stated redemption date of the Outstanding Bonds directing the paying agent bank to give notice to the respective holders of the Outstanding Bonds as and when required by the resolution authorizing the Outstanding Bonds.

ARTICLE III

CONCERNING THE AGENT

SECTION 3.01. Appointment of Agent. The County hereby appoints the Agent as escrow agent under this Agreement.

SECTION 3.02. Acceptance by Agent. By execution of this Agreement, the Agent accepts the duties and obligations as Agent hereunder. The Agent further represents that it has all requisite power, and has taken all corporate actions necessary to execute the escrow hereby created.

SECTION 3.03. Liability of Agent. The Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the County or any paying agent of its obligations, or to protect any of the County's rights under any bond proceedings or any of the County's other contracts with or franchises or privileges from any state, county, municipal or other governmental agency or with any person. The Agent shall not be liable for any act done or step taken or omitted to be taken by it, or for any mistake of fact or law, or anything which it may do or refrain from doing, except for its own negligence or willful misconduct in the performance or nonperformance of any obligation imposed upon it hereunder. The Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein or in the Outstanding Bonds or in the Refunding Bonds or in any proceedings taken in connection therewith, but they are made solely by the County. The Agent shall have

no lien whatsoever upon any of the monies or investments in the Escrow Fund for the payment of fees and expenses for services rendered by the Agent under this Agreement.

The Agent shall not be liable for the accuracy of the calculations as to the sufficiency of Escrow Fund monies and Government Securities and the earnings thereon to pay the Outstanding Bonds. So long as the Agent applies any monies, the Government Securities to pay the Outstanding Bonds as provided herein, and complies fully with the terms of this Agreement, the Agent shall not be liable for any deficiencies in the amounts necessary to pay the Outstanding Bonds caused by such calculations. The Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Agreement and in full compliance with the provisions hereof.

In the event of the Agent's failure to account for any of the Government Securities or monies received by it, said Government Securities or monies shall be and remain the property of the County in escrow for the benefit of the holders of the Outstanding Bonds, as herein provided, and if for any improper reason such Government Securities or monies are applied to purposes not provided for herein or misappropriated by the Agent, the assets of the Agent shall be impressed with a trust for the amount thereof until the required application of such funds shall be made or such funds shall be restored to the Escrow Fund.

SECTION 3.04. Permitted Acts. The Agent and its affiliates may become the owner of or may deal in the Refunding Bonds as fully and with the same rights as if it were not the Agent.

SECTION 3.05. Exculpation of Funds of Agent. Except as set forth in Section 3.03, none of the provisions contained in this Agreement shall require the Agent to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided.

SECTION 3.06. Qualifications of Agent. There shall at all times be an Agent hereunder that shall be a corporation or banking association organized and doing business under the laws of the United States or any state, located in the State of Tennessee, authorized under the laws of its incorporation to exercise the powers herein granted, having a combined capital, surplus, and undivided profits of at least \$75,000,000 and subject to supervision or examination by federal or state authority. If such corporation or association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this paragraph the combined capital, surplus, and undivided profits of such corporation or association shall be deemed to be its combined capital, surplus, and undivided profits as set forth in its most recent report of condition as published. In case at any time the Agent shall cease to be eligible in accordance with the provisions of this section, the Agent shall resign immediately in the manner and with the effect specified herein.

SECTION 3.07. Payment to Agent. The County agrees to pay the Agent, as reasonable and proper compensation under this Agreement the sum of \$ _____. The Agent shall be entitled to reimbursement of all advances, counsel fees and expenses, and other costs made or incurred by the Agent in connection with its services and/or its capacity as Agent or resulting therefrom. In addition, the County agrees to pay to the Agent all out-of-pocket expenses and costs of the Agent incurred by the Agent in the performance of its duties hereunder, including all publication, mailing and other expenses associated with the payment of debt service of the Outstanding Bonds; provided, however, that, to the extent permitted by applicable law, the County agrees to indemnify the Agent and hold it harmless against any liability which it may incur while acting in good faith in its capacity as Agent under this Agreement, including, but not limited to, any court costs and attorneys' fees, and such indemnification shall be paid from available funds of the County and shall not give rise to any claim against the Escrow Fund.

SECTION 3.08. Resignation of Agent. The Agent may at any time resign by giving direct written notice to the County and by giving the holder of the Outstanding Bonds by first-class mail of such resignation. Upon receiving such notice of resignation, the County shall promptly appoint a successor escrow agent by resolution of its governing body. If no successor escrow agent shall have been appointed and have accepted appointment within thirty (30) days after the publication of such notice of resignation, the resigning Agent may petition any court of competent jurisdiction located in Sullivan County, Tennessee, for the appointment of a successor, or any holder of the Outstanding Bonds may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor meeting the qualifications set forth in Section 3.06. The Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

SECTION 3.09. Removal of Agent. In case at any time the Agent shall cease to be eligible in accordance with the provisions of Section 3.06 hereof and shall fail to resign after written request therefor by the County or by any holder of the Outstanding Bonds, or the Agent shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Agent or any of its property shall be appointed, or any public officer shall take charge or control of the Agent or its property or affairs for the purpose of rehabilitation, conservation, or liquidation, then in any such case, the County may remove the Agent and appoint a successor by resolution of its governing body or any such holder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction situated in the County for the removal of the Agent and the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, remove the Agent and appoint a successor who shall meet the qualifications set forth in Section 3.08. Unless incapable of serving, the Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

Any resignation or removal of the Agent and appointment of a successor pursuant to any of the provisions of this Agreement shall become effective upon acceptance of appointment by the successor as provided in Section 3.10 hereof.

SECTION 3.10. Acceptance by Successor. Any successor escrow agent appointed as provided in this Agreement shall execute, acknowledge and deliver to the County and to its predecessor an instrument accepting such appointment hereunder and agreeing to be bound by the terms hereof, and thereupon the resignation or removal of the predecessor shall become effective and such successor, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Agent herein; but, nevertheless, on Written Request of the County or the request of the successor, the predecessor shall execute and deliver an instrument transferring to such successor all rights, powers and escrow property of the predecessor. Upon request of any such successor, the County shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor all such rights, powers and duties. No successor shall accept appointment as provided herein unless at the time of such acceptance such successor shall be eligible under the provisions of Section 3.07 hereof.

Any corporation into which the Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Agent shall be a party, or any corporation succeeding to the business of the Agent, shall be the successor of the Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor shall be eligible under the provisions of Section 3.07 hereof.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. Amendments to this Agreement. This Agreement is made for the benefit of the County, the holders from time to time for the Outstanding Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Agent and the County; provided, however, that the County and the Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Agent for the benefit of the holder[s] of the Outstanding Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holder of the Outstanding Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Notwithstanding the foregoing or any other provision of this Agreement, upon Written Request and upon compliance with the conditions hereinafter stated, the Agent shall have the power to and shall, in simultaneous transactions, sell, transfer, otherwise dispose of or request the redemption of the Government Obligations held hereunder and to substitute therefor direct obligations of, or obligations the principal of and interest on which are fully guaranteed by the United States of America, subject to the condition that such monies or securities held by the Agent shall be sufficient to pay principal of, premium, if any, and interest on the Outstanding Bonds. The County hereby covenants and agrees that it will not request the Agent to exercise any of the powers described in the preceding sentence in any manner which will cause the Outstanding Bonds to be arbitrage bonds within the meaning of Section 148 of the Code in effect on the date of such request and applicable to obligations issued on the issue date of the Refunding Bonds. The Agent shall purchase such substituted securities with the proceeds derived from the maturity, sale, transfer, disposition or redemption of the Government Obligations held hereunder or from other monies available. The transactions may be effected only if there shall have been submitted to the Agent: (1) an independent verification by a nationally recognized independent certified public accounting firm concerning the adequacy of such substituted securities with respect to principal and the interest thereon and any other monies or securities held for such purpose to pay when due the principal of, premium, if any, and interest on the Outstanding Bonds in the manner required by the proceedings which authorized their issuance; and (2) an opinion from nationally recognized bond counsel to the effect that the disposition and substitution or purchase of such securities will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, or Outstanding Bonds cause the interest on the Outstanding Bonds not to be exempt from Federal income taxation. Any surplus monies resulting from the sale, transfer, other disposition or redemption of the Government Obligations held hereunder and the substitutions therefor of direct obligations of, or obligations the principal of and interest on which is fully guaranteed by, the United States of America, shall be released from the Escrow Fund and shall be transferred to the County.

SECTION 4.02. Severability. If any provision of this Agreement shall be held or deemed to be invalid or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

SECTION 4.03. Governing Law. This Agreement shall be governed and construed in accordance with the law of the State of Tennessee.

SECTION 4.04. Notices. Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by Registered or Certified Mail, postage prepaid, or sent by telegram as follows:

To the County:

Sullivan County, Tennessee
3411 Highway 126
Blountville, Tennessee 37617
Attn: County Mayor

To the Agent:

The County and the Agent may designate in writing any further or different addresses to which subsequent notices, requests, communications or other papers shall be sent.

SECTION 4.05. Agreement Binding. All the covenants, promises and agreements in this Agreement contained by or on behalf of the parties shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 4.06. Termination. This Agreement shall terminate when all transfers and payments required to be made by the Agent under the provisions hereof shall have been made.

SECTION 4.07. Execution by Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

Signatures on Following Page

IN WITNESS WHEREOF, the County has caused this Agreement to be signed in its name by its County Mayor and attested by its County Clerk and the official seal of the County to be impressed hereon, and the Agent has caused this Agreement to be signed in its corporate name by its duly authorized officer, all as of the day and date first above written.

SULLIVAN COUNTY, TENNESSEE

By: _____
County Mayor

(SEAL)

County Clerk

as Escrow Agent

By: _____
Title: _____

EXHIBIT A

Sullivan County, Tennessee

Debt Service of County District School Refunding Bonds, Series 2004 in the original aggregate principal amount of \$_____ to the Redemption Date

Paying Agent: U.S. Bank
Nashville, Tennessee

EXHIBIT B

Government Securities
Certificate of Indebtedness
U.S. State and Local Government Series

Amount Interest Rate Maturity Date Issue Date

Government Securities
U. S. Treasury Notes

Amount Interest Rate First Interest
Payment Date Maturity Date Issue Date

Total Cost of Securities: \$ _____

Initial Cash Deposit: \$ _____

EXHIBIT C

NOTICE OF REDEMPTION
SULLIVAN COUNTY, TENNESSEE

NOTICE IS HEREBY GIVEN that Sullivan County, Tennessee (the "County"), has elected to and does exercise its option to call and redeem on [May 1, 2015] all the County's outstanding bonds (the "Outstanding Bonds") as follows:

**County District School Refunding Bonds, Series 2004, dated November 1, 2004,
maturing [May 1, 2016 through May 1, 2019, inclusive]**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Cusip No.</u>
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The owners of the above-described Outstanding Bonds are hereby notified to present the same to the offices of U. S. Bank National Association as follows, where redemption shall be made at the redemption price of 102% of par, plus interest accrued to the redemption date:

If by Mail: (REGISTERED BONDS)

U.S. Bank
Corporate Trust Services
P.O. Box 64111
St. Paul, MN 55164-0111

If by Hand or Overnight Mail:

U.S. Bank
Corporate Trust Services
60 Livingston Avenue
1st Fl – Bond Drop Window
St. Paul, MN 55107

The redemption price will become due and payable on [May 1, 2015], upon each such Bond herein called for redemption and such Bond shall not bear interest beyond [May 1, 2015].

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

U.S. Bank National Association
Registration and Paying Agent

The Board of County Commissioners of Sullivan County, Tennessee, met in a regular session on December 15, 2014, at 9:00 a.m., at the Sullivan County Courthouse with Richard S. Venable, County

Mayor, presiding, and the following members present: **Bowery, Calton, Cole, Crawford, Gardner, Grubb, Hare, Harkleroad, Harr, Herron, Hood, Houser, Kilgore, McGlothlin, Morrell, Neal, Bobby Russell, Cheryl Russell, Shull, Stanley, Vance, White, Williams**

There were absent: **Johnson**

There were also present Jeannie Gammon, County Clerk and Larry G. Bailey, Accounts and Budgets Director.

It was announced that public notice of the time, place and purpose of the meeting had been given and accordingly, the meeting was called to order.

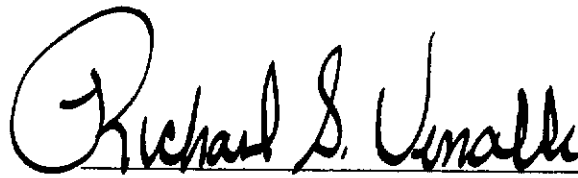
The following resolution was introduced by Williams, seconded by White and after due deliberation, were adopted by the following vote:

AYE: 23

NAY:

ABSENT: 1

AND THEREUPON COUNTY COMMISSION ADJOURNED UPON
MOTION MADE BY COMM. WHITE TO MEET AGAIN IN REGULAR
SESSION JANUARY 20, 2015.

A handwritten signature in black ink, reading "Richard S. Venable". The signature is written in a cursive style with a large initial "R".

RICHARD VENABLE

COMMISSION CHAIRMAN