

BE IT REMEMBERED THAT THE CITY COUNCIL OF THE CITY OF CLEVELAND, TENNESSEE MET IN A REGULAR SESSION THIS MONDAY, JANUARY 10, 2005 AT 4:00 P.M. AT THEIR REGULAR MEETING PLACE IN THE CLEVELAND MUNICIPAL BUILDING.

Present and presiding was Mayor Tom Rowland. Also present were Vice Mayor Avery Johnson, Councilmen David May Jr., Bill Robertson, Richard L. Banks, Rod Davis and George Poe Jr., as well as Councilwoman Bambi Hines. Others in attendance according to the sign-in sheet were as follows: City Manager Joe Cate; City Clerk Janice S. Casteel, City Attorney Harlen Painter, Christy Bryant, Amy B. McCaulley, Administrative Assistant; Sue Zius, Executive Assistant; Beverley Lindsey, Executive Secretary; Jerry Bohannon and Gary Farlow of the Bradley/Cleveland Chamber of Commerce; Vanessa Clark, MainStreet Cleveland; Donna Howard; Jackie Wattenbarger, Cleveland City School Board member; Tim Gobble, Director of the Emergency Management Agency; Police Officer Suzanne Jackson; Purchasing Agent Melinda Carroll; Parks & Recreation Director Tommy Barrett; Public Works Director Tom Grant; Greg Thomas, Community Development Director; Fire Chief Bob Gaylor; Police Chief Wes Snyder; David Jones, Assistant to the City Manager; Tiana Hubbard of the *Bradley Weekly*; Randall Higgins of *Chattanooga Times/Free Press*; and Marcie Williams of the *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag and Prayer by Vice Mayor Avery Johnson the following business was then entered into:

Councilman Johnson moved that the City Council of the City of Cleveland waive the reading of the minutes of the Regular Session of the City Council held on December 13, 2004 and approve them as written. The motion was seconded by Councilman May; and upon roll call, unanimously passed.

Councilman Johnson moved that the City Council of the City of Cleveland waive the reading of the minutes of the Special-Called Session of the City Council held on December 21, 2004 and approve them as written. The motion was seconded by Councilman Davis; and upon roll call, unanimously passed.

Councilman Johnson moved that the City Council of the City of Cleveland waive the reading of the minutes of the Regular Session of the City Council held on December 27, 2004 and approve them as written. The motion was seconded by Councilman Davis; and upon roll call, unanimously passed.

Tim Gobble, Director of the Emergency Management Agency, spoke about looking forward to working with the City Manager, City Council and City departments. He stated that we have a good Emergency Management plan and that he was glad to be back in public service. He discussed monies that would be received from the Homeland Security grant and the bomb robot that the Cleveland Police Department would be receiving with the funds that will be available. He also commended the Cleveland Fire and Police departments for their help with the Arch Chemical fire last month. No injuries were reported and your support was greatly appreciated. He announced the Cleveland 100 Banquet would be held in May 2005 and invited everyone to attend.

Councilman May moved to approve the following items from the Consent Agenda:

- Final Passage - **Ordinance No: 2004-43:** heretofore passed on first reading December 13, 2004, in Minute Book 23 Page 117, to amend to Section 7.04 of the City of Cleveland Subdivision Regulations concerning the Certification Signature Block for plats.
- Final Passage - **Ordinance No: 2004-44:** heretofore passed on first reading December 13, 2004, in Minute Book 23 Page 117, which provides that the Code of Ordinances be amended by revising Title 8, Chapter 2 Section 8-215 of said

code to delete Section 8-215 in its entirety and substitute new language to be numbered Section 8-215 (Beer Board Powers and Duties).

- Final Passage - **Ordinance No: 2004-45:** heretofore passed on first reading December 13, 2004, in Minute Book 23 Page 120, which provides that the Code of Ordinances be amended by revising Title 8, Chapter 2 Section 8-209 of said code to delete Section 8-209 in its entirety and substitute new language to be numbered Section 8-209 (Class 2 Permits).
- Final Passage - **Ordinance No: 2004-46:** heretofore passed on first reading December 13, 2004, in Minute Book 23 Page 121, which provides that the Code of Ordinances be amended by revising Title 1, Chapter 2 of said code to add a section to be designated Section 1-202 (State of Emergency).
- Final Passage - **Ordinance No: 2004-47:** heretofore passed on first reading December 13, 2004, in Minute Book 23 Page 123, which provides that the Code of Ordinances be amended by revising Title 8, Chapter 2 Section 8-214 of said code to add new subsection to be enumerated 8-214 (13) as set out herein (under the age of 21).
- **Bid Report:** Re-roofing Public Works Central Office be awarded to Bingham & Guy of Cleveland, TN with a bid of \$42,900.00.

**BID REPORT
RE-ROOFING PUBLIC WORKS CENTRAL OFFICE
JANUARY 5, 2005**

Bingham & Guy Cleveland, TN	\$42,900.00
Cleveland Roofing Cleveland, TN	NO BID
Parris Roofing Cleveland, TN	\$51,806.00

Committee Recommendation: Bingham & Guy
Purchasing Agent's Recommendation: S/Melinda B. Carroll
Department Head's Approval: S/Tom Grant
Funding Available: S/Janice S. Casteel (Unbudgeted project. Capital Budget (CIP) will be amended)

The following Resolution was then presented in full:

RESOLUTION NO: 2005-01

WHEREAS, Stanley M. Thompson, Assessor of Property, has notified the City Council of the City of Cleveland, Tennessee, that a change has been made in the 2003 tax rolls and that the property identified as Dist. 04 Map 033N Gp. E Par. 006.00 SI 000, was assessed to Ronald L. Barker, are due a refund of \$337.00 for the overpayment of their 2003 real property taxes.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Cleveland, in regular session assembled, that the Clerk be, and hereby is, authorized to refund to Ronald L. Barker etux, Pamela W. Barker, the total sum of \$337.00 for the overpayment of their 2003 real property taxes.

Approved as to Form:
S/L. Harlen Painter, City Attorney

Tom Rowland, Mayor

Janice S. Casteel, City Clerk

The motion was seconded by Councilman Poe; and upon roll call, unanimously passed.

Mayor Rowland announced the Tennessee Municipal League District meeting would be on February 18, 2005 in Chattanooga, TN. He added that the City Council and City staff has been invited to the Water Filtration Plant on January 24, 2005 at 11:00 a.m. and lunch is to follow at noon at the Holiday Inn.

Councilman Banks commended Tim Gobble's staff with the Arch Chemical fire.

Councilman Johnson commended Beverley Lindsey and the Public Works department in their quick response in getting the several bags of trash cleaned up that were thrown out on APD 40. He appreciates all the volunteers that are involved in the Adopt-a-Highway program and the good job they are doing.

City Manager Joe Cate thanked Randy King with the Bradley County Courts Community Service program for his help with the trash clean up. Mayor Rowland mentioned the "oops" letter and to report the tag number to the Keep America Beautiful hotline (423-559-3307). Councilman Poe added that Randy King is working hard on the weekends to keep Cleveland clean.

Councilman Rod Davis left the meeting.

The following Resolution was then presented in full:

RESOLUTION NO: 2005-02

A RESOLUTION AMENDING THE BRUSH CHIPPING RATES

THAT WHEREAS, the City of Cleveland entered into Interlocal agreements with the City of Athens, Collegedale, East Ridge, Signal Mountain and Sweetwater for the chipping, shredding and/or grinding of yard waste service; and

WHEREAS, these cities were presented documentation regarding the status of the enterprise fund which is used to account for chipping operations and agreed to rate increases,

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Cleveland, Tennessee, this 10th day of January, 2005, that the hourly brush chipping fees be amended from \$325.00 to \$425.00 for the initial five vested cities and from \$350.00 to \$450.00 for the City of Sweetwater; and

BE IT FURTHER RESOLVED that these rate increases shall be effective December 1, 2004, unless amended by resolution of the City Council.

Passed and adopted this 10th day of January, 2005.

Approved as to form:
S/L. Harlen Painter, City Attorney

Tom Rowland, Mayor

Janice S. Casteel, City Clerk

Councilman May moved that Resolution No: 2005-02 be accepted as presented. The motion was seconded by Councilman Banks; and upon roll call, unanimously passed.

The following Resolution was then presented in full:

RESOLUTION NO: 2005-03

WHEREAS, the Cleveland Urban Area Metropolitan Transportation Planning Organization (MPO) has received a grant through the Tennessee Department of Transportation (TDOT) for Contract Number Z-06-900-9603-04 (Federal \$6,115 State \$764; City Match \$765);

WHEREAS, the grant is between the State of Tennessee Department of Transportation and the City of Cleveland (on file in City Clerk's office);

WHEREAS, the City of Cleveland is required to provide matching funds for said grant through in-kind services;

THEREFORE, BE IT RESOLVED by the City Council that the Mayor is hereby authorized to accept said grant on behalf of the City of Cleveland and the City of Cleveland hereby agrees to provide matching funds as required.

Approved this 10th day of January 2005.

Approved as to form:

S/L. Harlen Painter, City Attorney

Tom Rowland, Mayor

Janice S. Casteel, City Clerk

Councilman Poe moved that Resolution No.: 2005-03 be accepted as presented. The motion was seconded by Councilman Johnson; and upon roll call, unanimously passed.

The following Resolution was then presented in full:

RESOLUTION NO: 2005-04

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLEVELAND, TENNESSEE, AUTHORIZING THE ISSUANCE AND PROVIDING THE DETAILS OF NOT TO EXCEED \$11,250,000 GENERAL OBLIGATION REFUNDING BONDS OF THE CITY; AUTHORIZING AND DIRECTING THE SALE THEREOF FOR PUBLIC PURPOSES; LEVYING AND PLEDGING TAXES AND MAKING PROVISION FOR THE PAYMENT THEREOF; AND TAKING OTHER ACTIONS WITH RESPECT THERETO.

WHEREAS, the City of Cleveland, Tennessee (the "City") has heretofore issued its General Obligation Bonds, Series 1999, dated June 1, 1999, (the "Prior Bonds"); and,

WHEREAS, the interest rates payable on the Prior Bonds outstanding as of the date hereof, or certain maturities thereof, are higher than current prevailing market rates for obligations of comparable type, amount and maturity, and the City has additional public works projects which need to be financed but which can be financed more effectively and at lower cost if the City can make adjustments to its payment obligations with respect to its outstanding debt such as all or a portion of the Outstanding Prior Bonds; and,

WHEREAS, the Prior Bonds maturing on and after June 1, 2010 may be called for redemption at the option of the City as a whole, or in part, on June 1, 2009 at a redemption price of par of the aggregate principal amount redeemed plus accrued interest to the date of redemption (said maturities of the Prior Bonds being hereinafter referred to as the "Refunded Bonds"); and,

WHEREAS, the Tennessee Local Government Public Obligations Act of 1986, as amended, currently codified as *Tennessee Code Annotated*, Sections 9-21-101 through 9-21-1017 (the "Act") authorizes the City to refund all or a portion of the Prior Bonds in advance of their respective maturities or redemption dates; and

WHEREAS, it appears that the advance refunding of all or a portion of the Prior Bonds will result in a savings in debt service costs to the City and therefore the public served by the City and will improve the management of the finances of the City and permit the effective and less-costly financing of additional public works projects by the City; and

WHEREAS, this Council now wishes to further authorize and approve the issuance and sale of the City's General Obligation Refunding Bonds, Series 2005 in an aggregate principal amount not to exceed \$11,250,000 for such purposes, to provide the details of said bonds and to pledge certain revenues and to levy and pledge taxes and otherwise make provision for the payment thereof, and to authorize, approve, ratify and confirm the execution and delivery of all documents, certificates and agreements and the taking of all action by officials of the City required or reasonably necessary with respect thereto;

NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Cleveland, Tennessee, in regular session assembled as the City's legislative body, as follows:

Section 1. Authority; Findings and Determinations. The Refunding Bonds hereby authorized shall be issued pursuant to the provisions of the Act, as hereinafter defined and, other applicable provisions of law. It is hereby found and determined by this Governing Body that (a) the refunding of the Refunded Bonds through the issuance of the Refunding Bonds hereby authorized will result in a reduction in debt service payable by the City over the term of the Refunded Bonds thereby effecting cost savings benefiting the public and allowing the City to more effectively finance additional public works projects at a lower cost than might otherwise be possible, and (b) it is desirable and beneficial to the City to apply a substantial portion of the proceeds of the sale of the Refunding Bonds hereby authorized, together with other funds of the City, if any be necessary or desirable, in amounts which, together with investment income thereon from Authorized Investments, as herein defined, will be sufficient to pay interest on the Refunded Bonds to their next optional redemption date and to redeem the Refunded Bonds on their next optional redemption date.

Section 2. Definitions. (a) *Generally.* For all purposes of this Resolution, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in this Section shall have the meanings set forth below, and shall include the plural as well as the singular.

- (1) "*Act*" shall mean Title 9, Chapter 21, *Tennessee Code Annotated*, as amended (being the Local Government Public Obligations Act of 1986, as amended).
- (2) "*Authorized Investments*" shall mean one or more investments authorized by the Act or other applicable law with respect to proceeds of the bonds hereby authorized.
- (3) "*Bond*" or "*Bonds*" shall mean one or more of the General Obligation Refunding Bonds, Series 2005 authorized to be issued by the terms of this Resolution.
- (4) "*Bond Counsel*" shall mean Robertson and Overbey, Knoxville, Tennessee, or any other nationally recognized attorney or firm having a favorable reputation with respect to matters involving the issuance of obligations of state and local governments and engaged by the City.

- (5) "*Bond Register*" shall mean the books of the City kept by the Bond Registrar to evidence the registration and transfer of the Bonds.
- (6) "*Bond Registrar*" shall mean such bank located within or without the State of Tennessee or such other authorized entity as shall hereafter be designated by the Mayor and shall include successors to such entity or bank and its corporate trust department, as the case may be, or a successor as shall hereafter be designated by the Mayor as Bond Registrar hereunder.
- (7) "*City*" shall mean the City of Cleveland, Tennessee.
- (8) "*Code*" shall mean the Internal Revenue Code of 1986, as amended.
- (9) "*Council*" or "*Governing Body*" shall mean the City Council of the City, acting as the legislative body of the City, or such other council, board, commission or body, by whatever name known, which shall succeed to its powers.
- (10) "*DTC*" shall mean The Depository Trust Company, New York, New York, or any successor securities depository designated by the City to serve as depository with respect to the Bonds.
- (11) "*DTC Participant*" shall mean any institution or entity which is a participant in the DTC System.
- (12) "*Initial Purchaser*" shall mean Cumberland Securities, Division of Morgan Keegan & Company, Inc.
- (13) "*Mayor*" shall mean, at any relevant time, the then incumbent Mayor of the City or such other official, by whatever name known, which shall succeed to the powers of the Mayor.
- (14) "*Prior Bonds*" shall have the meaning ascribed thereto in the preamble clauses hereof.
- (15) "*Refunded Bonds*" shall have the meaning ascribed thereto in the preamble clauses hereof.
- (16) "*Resolution*" shall mean this Resolution as adopted by the Governing Body of the City.
- (17) "*State*" shall mean the State of Tennessee.
- (18) "*General Obligation Refunding Bonds*" shall mean one or more of the General Obligation Refunding Bonds authorized by this Resolution.

Section 3. Authorization. (a) *Generally.* For the purposes of providing funds for the purposes heretofore stated and for the payment of legal, fiscal and administrative costs incident to the issuance and sale of the Bonds, there are hereby authorized to be issued General Obligation Refunding Bonds of the City in an aggregate principal amount not to exceed \$11,250,000. The Bonds shall be designated "General Obligation Refunding Bonds", shall bear an appropriate Series designation based upon the date of their issuance, shall be dated January 27, 2005 (or such other date as is determined under Section 11 hereof), and shall also bear the date of authentication, shall be in fully registered form, shall be in denominations of \$5,000 each and integral multiples thereof (but no single Bond shall represent installments of principal maturing on more than one date), shall be appropriately numbered, and shall (subject to any adjustments permitted by Section 11 hereof) mature serially on June 1 of each of the years 2005 to 2024, inclusive (subject to adjustment as provided in Section 11 hereof), in such amounts as shall be established in the contract for sale thereof and approved by the Mayor. Pursuant to Section 11 hereof, the Mayor is authorized to sell the General Obligation Refunding Bonds, or any maturities thereof, as term bonds with mandatory redemption requirements as established in the contract for sale thereof and approved by the Mayor, with respect to maturity amounts and interest rates of

such term bonds. In the event any or all of the General Obligation Refunding Bonds are sold as term bonds, such term bonds shall be subject to mandatory redemption on such dates, in such amounts and at such redemption prices as are determined by the Mayor. Term bonds to be so redeemed shall be selected by lot or in such other random manner as the Bond Registrar may designate in its discretion.

Section 4. Interest; Payment Provisions. (a) The Bonds shall bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, at a rate or rates not exceeding five and one-half percent (5.50%) per annum established at the sale of the Bonds as hereinafter provided, such interest being computed upon the basis of a 360-day year of twelve 30-day months.

(b) Interest on the Bonds shall be payable on the first days of June and December of each year, commencing on June 1, 2005.

(c) Interest on each Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date (the "Regular Record Date"). The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of the Bond Registrar.

(d) Any interest on any Bond which is payable but is not punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the Registered Owner thereof on the relevant Regular Record Date and, in lieu thereof, shall be paid to the persons in whose names the Bond is registered at the close of business on a Special Record Date to be established by the Registration Agent upon receipt from the City of the money for the payment of the same, in whole or in part. Such Special Record Date shall be fixed by the Registration Agent not less than ten (10) days after the receipt by the Registration Agent of the moneys for such payment and shall be a date which is not less than ten (10) nor more than fifteen (15) days prior to the date on which payment is to be made to the Registered Owners of the Bonds. The Registration Agent shall, in the name and at the sole expense of the City, promptly cause notice of the proposed payment of such defaulted interest and the Special Record Date therefor to be mailed, first-class postage prepaid, not less than ten (10) days prior to such Special Record Date, to the City and to each Registered Owner of the Bonds at the address appearing in the Bond Register as of the date of such notice. Nothing contained in this paragraph 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 City to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Bonds when due.

Section 5. Execution; Authentication. The Bonds shall be executed on behalf of the City with the signature of its Mayor and attested with the signature of its City Clerk and shall have impressed or imprinted thereon the corporate seal of the City or a facsimile thereof. In case any official whose signature or facsimile signature shall appear on any Bond shall cease to be such official after the date hereof but before the delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such official had remained in office until delivery of the Bond.

All Bonds shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Bond Registrar as authenticating agent of the City and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Resolution. The certificate of authentication on any Bond shall be deemed to have been executed by the Bond Registrar if signed by an authorized signatory of the Bond Registrar, but it shall not be necessary that the same person sign the certificate of authentication on all of the Bonds issued hereunder.

Section 6. Registration of Bonds; Initial Book Entry Only Issuance; Transfer; Persons Treated as Owners.

(a) *The Bond Register.* The City shall cause the Bond Register for the registration and transfer of the Bonds as provided in this Resolution to be kept at the corporate trust office of the Bond Registrar, which is hereby constituted and appointed the registrar of the City.

(b) *Optional Book-Entry Only Initial Issuance; Limited Obligation of City.*

(i) Upon the direction of the Mayor, the Bonds of either issue may be initially issued book-entry only form with a separate single certificated fully registered Bond for each maturity of the Bonds being issued. Upon initial issuance, the ownership of each Bond shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC ("Cede").

(ii) With respect to Bonds registered in the name of Cede, as nominee of DTC, the City, the Paying Agent, if the Paying Agent is other than the Bond Registrar, and the Bond Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of which a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City, the Paying Agent, if the Paying Agent is other than the Bond Registrar, and the Bond Registrar shall have no responsibility or obligation with respect to (A) the accuracy of the records of DTC, Cede or any DTC Participant with respect to any ownership interest in the Bonds, (B) the delivery to any DTC Participant or any other person, other than a Bondholder, as shown in the registration books kept by the Bond Registrar, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any DTC Participant or any other person, other than a Bondholder, as shown in the registration books kept by the Bond Registrar, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The City, the Paying Agent, if the Paying Agent is other than the Bond Registrar, and the Bond Registrar may treat and consider the person in whose name each Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner of such Bond (i) for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, (ii) for the purpose of giving notices of redemption and other matters with respect to such Bond, (iii) for the purpose of registering transfers with respect to such Bond, and (iv) for all other purposes whatsoever. The Paying Agent, if the Paying Agent is other than the Bond Registrar, shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Bondholders, as shown in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Bondholder, as shown in the Bond Register, shall receive a certificated Bond evidencing the obligation of the City to make payments of principal, premium, if any, and interest. Upon delivery by DTC to the Bond Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, then subject to the provisions herein with respect to Record Dates, the word "Cede" as used herein shall refer to such new nominee of DTC; and, upon receipt of such a notice the Bond Registrar shall promptly deliver a copy of the same to the Paying Agent, if the Paying Agent is other than the Bond Registrar.

(iii) To induce DTC to serve as securities depository with respect to the Bonds, the Mayor is hereby authorized to execute, and the City Clerk to attest, one or more representation letters to DTC which provide, among other things, that (A) one Bond certificate in registered form registered in the name of DTC's nominee, Cede & Co., will be deposited with DTC for each stated maturity of the Bonds, each certificate to bear a legend with respect to the limitations on transfers and payments, (B) the City will

establish and notify DTC of record dates not less than fifteen days in advance of such record dates to the extent possible, (C) the City will notify DTC not less than thirty days nor more than sixty days in advance of full or partial redemptions of the Bonds or the date of deposit of funds refunding the Bonds, (D) the matters of which DTC will be notified with respect to partial redemptions or advance refunding of the Bonds and the means and timing of such notices, (F) all notices and payment advices to DTC will contain the CUSIP number of the Bonds, (G) interest payments will be received by DTC in next day funds on each payment date, (H) the address and name to which principal payments are to be made, (I) the issuance of new certificates or the notation on an outstanding certificate in the event of a redemption, acceleration or similar transactions with respect to the Bonds, (J) the notices required in the event the book-entry only system for the Bonds is discontinued, and (K) such other matters as are reasonably requested by DTC and agreed to by the Mayor. The approval of the Mayor of any such letter of representations shall be conclusively established by the Mayor's execution and delivery thereof but shall not in any way impose upon the City any obligation whatsoever with respect to persons having interests in the Bonds other than the Bondholders, as shown in the Bond Register. The Bond Registrar and the Paying Agent shall take all action necessary to comply with all representations of the City in the representation letter with respect to the Paying Agent and the Bond Registrar, respectively.

- (iv) (A) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City, the Bond Registrar and the Paying Agent and discharging its responsibilities with respect thereto under applicable law.
- (B) The City, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds if the City determines that:
 - (1) DTC is unable to discharge its responsibilities with respect to the Bonds, or
 - (2) a continuation of the requirement that all of the Outstanding Bonds be registered in the Bond Register in the name of Cede, or any other nominee of DTC, is not in the best interest of the beneficial owners of the Bonds.
- (C) Upon the termination of the services of DTC with respect to the Bonds, after which no substitute securities depository willing to undertake the functions of DTC can be found which, in the opinion of the City, is willing and able to undertake such functions upon reasonable and customary terms, the City shall deliver Bond certificates, as herein described, at the expense of the beneficial owners of the Bonds and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.
- (v) Notwithstanding any other provision herein to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter. Bondholders shall have no lien or security interest in any rebate or refund paid by DTC to the Paying Agent or City which arises from the payment

by the Paying Agent or City of principal of, premium, if any, or interest on the Bonds in immediately available funds to DTC.

(c) Upon surrender for transfer of any Bond at the principal corporate trust office of the Bond Registrar duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar duly executed by, the Registered Owner or his attorney duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same issue, maturity and interest rate in authorized denominations, for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at said office of the Bond Registrar for a like aggregate principal amount of Bond or Bonds of the same issue, maturity and interest rate in other authorized denominations. The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond and the Bond Registrar shall hereby be authorized to authenticate, date and deliver such Bond. The Bond Registrar shall not be required to transfer or exchange any Bond during the period of fifteen (15) days next preceding any interest payment date on such Bond, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed nor during the period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

(d) The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of, premium, if any, or interest on any Bond shall be made only to or upon the order of the Registered Owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(e) No service charge shall be made for any transfer or exchange of Bonds, but the City or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

Section 7. Redemption. (a) *The Bonds.* Subject to such changes as are authorized by Section 11, the Bonds maturing on and after June 1, 2015, shall be subject to redemption prior to maturity at the option of the City as a whole, or in part, on June 1, 2014, and on any date thereafter, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date.

(b) The Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The City shall, at least forty-five (45) days prior to the redemption date (unless prior notice for a lesser number of days shall be satisfactory to the Bond Registrar), notify the Bond Registrar of such redemption date and of the principal amount and maturity date of Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected not more than sixty (60) days prior to the redemption date by the Bond Registrar from the outstanding Bonds by such method as the Bond Registrar shall deem fair and appropriate, and which may provide for the selection for redemption of Bonds or portions of Bonds in principal amounts of \$5,000 and integral multiples thereof.

(c) The Bond Registrar shall promptly notify the City in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Section 8. Redemption Procedure. Unless waived by any holder of Bonds to be redeemed, notice of the call for any such redemption shall be given by the Bond Registrar on behalf of the City by mailing the redemption notice by first-class mail not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

All notices of redemption shall state, among other things:

- (1) the redemption date,
- (2) the redemption price,
- (3) if less than all outstanding Bonds are to be redeemed, the identification of the Bonds to be redeemed by maturity (and, in the case of partial redemption of any maturity, the respective CUSIP numbers and principal amounts) of the Bonds to be redeemed,
- (4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after such date, and
- (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

On or prior to any redemption date, the City shall deposit or cause to be deposited with the Bond Registrar an amount of money sufficient to pay the redemption price of and accrued and unpaid interest on all the Bonds or portions of Bonds which are to be redeemed on that date. Failure of the City to make such deposit shall invalidate the redemption proceedings with respect thereto and, prior notices to the Bond Registrar and the Registered Owners of the Bonds notwithstanding, such Bonds shall not be redeemed but shall remain outstanding.

Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Registered Owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall not be reissued but rather shall, after the time provided by the Act, be canceled and destroyed by the Bond Registrar. Neither failure to mail any notice of redemption nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given.

Section 9. Forms of Bonds. (a) *The Bonds.* The Bonds, the certificate of authentication to be endorsed thereon and the form of assignment are all to be in substantially the following forms with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution:

**UNITED STATES OF AMERICA
STATE OF TENNESSEE
CITY OF CLEVELAND
GENERAL OBLIGATION REFUNDING BOND, SERIES 2005**

*See Reverse Side for
Additional Provisions*

Registered No. _____ Registered Amount: _____

Date Rate of Interest Maturity Date CUSIP No.

Registered Owner:

Principal Amount: _____ DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the City of Cleveland, Tennessee (the "City") organized and existing under the laws of the State of Tennessee, hereby

acknowledges itself to owe and for value received promises to pay to the Registered Owner hereinabove identified, or registered assigns as hereinafter provided, on the Maturity Date hereinabove identified, the Principal Amount hereinabove identified and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such principal amount from the date of this Bond or from the most recent interest payment date to which interest has been paid at the Rate of Interest per annum hereinabove set forth on June 1 and December 1 of each year, commencing June 1, 2005, until said principal sum is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be and become applicable hereto.

Both principal of and premium, if any, on this Bond are payable in lawful money of the United States of America at the principal corporate trust office of Regions Bank, Nashville, Tennessee, as bond registrar and paying agent (the "Bond Registrar"). Payment of each installment of interest shall be made to the Registered Owner hereof who shall appear on the registration books of the City maintained by the Bond Registrar at the close of business on the 15th day of the month next preceding the interest payment date (the "Regular Record Date") and shall be paid by check or draft of the Bond Registrar mailed to such Registered Owner at such owner's address as it appears on such registration books or at such other address as may be furnished in writing by such Registered Owner to the Bond Registrar. Interest payable on this Bond which is not punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the Registered Owner hereof on the Regular Record Date and, in lieu thereof, shall be paid to the owner in whose name this Bond is registered at the close of business on a Special Record Date established by the Bond Registrar as provided in the Resolution authorizing the issuance of this Bond.

Reference is hereby made to the further provisions of this Bond set forth on the reverse side hereof and such further provisions shall for all purposes have the same effect as if set forth on the front side hereof.

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

The full faith, credit and resources of the City are hereby pledged for the payment of the principal of and interest on this Bond and the issue of which it is a part as the same respectively become due and for the levy and collection of sufficient ad valorem taxes for that purpose. To the extent that moneys are actually on hand for the payment of principal of and interest on the Bonds, the ad valorem taxes hereinabove provided for may be reduced.

It is provided in Section 9-21-117, Tennessee Code Annotated, that this Bond and the income therefrom are exempt from all state, county and municipal taxation in the State of Tennessee except inheritance, transfer and estate taxes, and except as otherwise provided in said Code.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by the Bond Registrar.

IN WITNESS WHEREOF the City of Cleveland, Tennessee, by its City Council, has caused this Bond to be executed with the duly authorized signature of its Mayor and attested by the duly authorized signature of its City Clerk and its corporate seal or a facsimile thereof to be impressed or reproduced hereon, as of the _____ (____) day of _____, 2005.

[SEAL]

(signature)
Mayor of
Cleveland, Tennessee

(signature)
City Clerk of
Cleveland, Tennessee

Certificate of Authentication

This Bond is one of the Bonds described in the within mentioned Resolution and is one of the General Obligation Refunding Bonds, Series 2005, dated _____, 2005, of the City of Cleveland, Tennessee.

Date of Authentication: _____

_____ as Bond Registrar

By: _____
Authorized Signatory

This Bond is one of an authorized issue of General Obligation Refunding Bonds, Series 2005, dated January 27, 2005, aggregating the principal amount of \$11,250,000 (the "Bonds") issued for the purpose of providing funds to pay costs associated with the refunding of a portion of the City's outstanding General Obligation Bonds, Series 1999, and the costs of issuing the Bonds, all in accordance with and pursuant to the provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and amended, and a Resolution adopted by the City Council of the City on January 10, 2005.

Bonds of the issue of which this Bond is one maturing on and after June 1, 2015, are subject to redemption prior to maturity at the option of the City as a whole, or in part, on June 1, 2014, and on any date thereafter, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date.

Notice of any such redemption shall be sent by first-class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed (in whole or in part) at the address shown on the registration books of the City maintained by the Bond Registrar or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar. When so called for redemption, this Bond, or the portion thereof being so called for redemption, will cease to bear interest on the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding after such redemption date.

This Bond is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the principal corporate trust office of the Bond Registrar but only in the manner, subject to the limitations and upon payment of the charges provided in the authorizing resolution, 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 and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

The Bonds are issued in fully registered form in the denomination of \$5,000 each or integral multiples thereof. This Bond may be exchanged at the principal office of the Bond Registrar for a like aggregate principal amount of Bonds of the same maturity and interest rate and of other authorized denominations, upon the terms set forth in the authorizing resolution.

The City and the Bond Registrar may deem and treat the Registered Owner as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof, premium, if any, hereon and interest due hereon and for all other purposes and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

No recourse shall be had for the payment of this Bond or the premium, if any, and interest thereon or for any claim based thereon or arising under the Resolution against any member of the City Council of the City of Cleveland or any officer or official of the City of Cleveland in his or her individual capacity.

The covenants, agreements and pledges entered into, created or imposed pursuant to the Resolution and this Bond may be fully discharged and satisfied with respect to this Bond (a) by payment of this Bond when the same shall become due and payable, (b) by depositing with

Section 10. Levy of Tax; Pledge of Full Faith and Credit. The Governing Body of the City is required by law and shall and does hereby pledge itself to levy in each year in which any of the Bonds are outstanding and unpaid a tax in addition to all other taxes authorized by law on all taxable property in the City fully sufficient to pay promptly the principal of, premium, if any, and interest on the Bonds as such principal, premium and interest become due. Principal and interest becoming due at any time when there shall be insufficient funds on hand from such tax levy shall be paid from the current funds of the City and reimbursement therefor shall be made out of the taxes hereby provided to be levied when the same shall have been collected. To the extent that such moneys are actually on hand for the payment of principal and interest on the Bonds, the ad valorem taxes hereinabove provided for may be reduced.

All such taxes levied and collected shall be deposited in a special fund to be designated "General Obligation Refunding Bonds, Series 2005, Bond and Interest Fund" (hereinafter, the "Bond Fund") and used solely for the payment of principal of and interest on the Bonds as the same shall become due.

The full faith, credit and resources of the City are hereby pledged for the payment of the principal of and interest on the Bonds and for the levy and collection of sufficient ad valorem taxes for that purpose.

Section 11. Sale of Bonds.

(a) *Generally.* The Bonds shall be offered for sale upon the terms and conditions herein provided, as permitted by law at negotiated sale to Cumberland Securities, Division of Morgan Keegan & Company, Inc., the Initial Purchaser, pursuant to a Bond Purchase Agreement approved as to form and substance, by the Mayor in his or her sole discretion, as a whole or in part, in one or more series, at the time or from time to time as may be determined by the Mayor.

(b) *Term Bonds.* In connection with the sale of the Bonds, the Mayor may authorize the Initial Purchaser to designate two or more consecutive serial maturities to be combined into one or more term maturities (each hereinafter referred to as a "Term Bond") provided that each Term Bond so designated shall be subject to mandatory sinking fund redemptions (i) in the amounts and on the dates of the serial maturities combined to establish such Term Bond and (ii) at redemption prices equal to one hundred percent (100%) of the principal amount so redeemed, together with accrued interest to the date of redemption.

(c) *Sale of Less Than Authorized Amount; Adjustments.* The Mayor is authorized to sell less than all the Bonds authorized herein and effect a corresponding adjustment in the maturity schedule set forth herein, including the elimination of one or more maturities. The Mayor is further authorized (i) to adjust the amounts and dates of the serial maturities of the Bonds herein authorized provided that no Bond shall mature later than the last year of maturity herein authorized, (ii) to change the dated date of the Bonds to a date other than the dated date herein authorized in order to facilitate the sale and delivery of the Bonds, and (iii) to adjust principal and interest payment dates, redemption dates and the series designation. If the Bonds are sold in more than one emission, the Mayor is authorized to date the emissions on the same date or on separate dates, adjust the maturity schedule to provide for the payment of the series of bonds of each emission on the same dates or on separate dates corresponding to the dated dates, adjust the redemption schedules to correspond to the payment dates, and make such other adjustments as he or she shall deem necessary to market each emission, provided the total amount of Bonds does not exceed the amount authorized in Section 3 hereof and no maturity of any Bond is extended beyond the year of last maturity date specified in Section 3 hereof.

(d) *Bond Insurance.* In connection with the sale of the Bonds, the Mayor, is authorized to obtain, and to pay for from proceeds of the Bonds, bond insurance on all or a portion of the Bonds; provided, however, such bond insurance shall be obtained only if the Mayor determines that either (i) such insurance is necessary to sell the Bonds, or a portion thereof, or (ii) the present value of the projected savings in interest costs to the City as a result of obtaining such bond insurance exceeds the premium cost to the City for such bond insurance.

(e) *Award and Delivery.* The Mayor is authorized to award the Bonds to Cumberland Securities, Division of Morgan Keegan & Company, Inc., the Initial Purchaser, provided the rate on none of the Bonds exceeds the maximum rate per annum specified in Section

4 hereof or such lesser rate as shall be determined by the Mayor. The award of the Bonds by the Mayor to the Initial Purchaser shall be binding on the City, and no further action by this Governing Body with respect thereto shall be required. The Mayor and City Clerk, or either of them, are authorized to cause the Bonds to be authenticated and delivered by the Registration Agent to the Initial Purchaser and to execute, publish, and deliver all certificates and documents, including an official statement and closing certificates, as they or Bond Counsel shall deem necessary in connection with the sale and delivery of the Bonds. The Mayor and the City Clerk are authorized to execute on behalf of the City all forms and documents required to be filed with the State Director of Local Finance relating to the Bonds.

(f) *Sale With Other Authorized Bonds.* The Mayor is hereby authorized (i) to sell the Bonds, or any series or emission thereof, contemporaneously with any other series or emission of the Bonds or with the sale of other obligations of the City heretofore or hereafter authorized but not issued, and, in connection with such sale to combine this Bond issue into a single series of bonds with any other such authorized issue of obligations for purposes of such sale; and (ii) in connection with such contemporaneous or combined sale, to exercise all powers and do all things authorized by the Act or this Resolution (including but not limited to those things specified in subsections (a) through (d) of this Section) which are, in his or her judgment necessary or reasonable for the lawful, orderly and fiscally responsible sale of the Bonds at the most favorable price and upon the most favorable terms reasonably available; provided, however, proceeds of the Bonds and of any other bonds sold on a contemporaneous or combined basis with the Bonds herein authorized shall be segregated, deposited and applied as provided in the resolution authorizing the same and neither the Mayor or any other official or employee of the City shall expend or authorize the expenditure of proceeds of the Bonds or any bonds sold on a contemporaneous or combined basis with the Bonds for any purposes other than those specified in the resolution(s) respectively authorizing such bonds.

Section 12. Use of Bond Proceeds. Proceeds of the sale of each issue of the Bonds shall be applied by the City with respect to such issue as follows:

- (a) accrued interest received as a part of the purchase price shall be deposited to the appropriate Bond Fund and used to pay interest on the applicable Bonds on the first date following delivery of the Bonds upon which such interest is payable; and,
- (b) an amount which, together with other legally available funds of the City, if any, and the investment earnings and increment thereon and on said amount of Bond proceeds, will be sufficient to pay interest on and the redemption price of the Refunded Bonds on their respective first optional redemption dates, shall be held and invested by the Escrow Agent under a Refunding Escrow Agreement in Authorized Investments until transferred to the Bond Registrar or paying agent for the redemption of all or a portion of the Refunded Bonds, all as directed by the Mayor; and
- (c) the remainder of such proceeds, together with other legally available funds of the City, if any, is sufficient therefor shall be applied to pay costs associated with the issuance, sale and delivery of the Bonds, including, but not limited to, reasonably necessary legal, accounting, financial advisory, fiscal agent, Bond Registrar, and rating agency fees, Bond insurance premiums, and costs and expenses for printing, engraving, advertising, mailing, copying and other miscellaneous expenses incurred in connection with the issuance and sale of the Bonds.

Section 13. Tax Covenants; Tax Certificate; Bonds to Remain in Registered Form. The City recognizes that the purchasers and owners from time to time of the Bonds will have accepted them on, and paid therefor a price which reflects, the understanding that interest thereon is excludable from federal gross income for purposes of federal income taxation of the owners under laws in force at the time the Bonds shall have been delivered. In this connection the City agrees that it shall take no action and shall not fail to take any action, in either case where the result thereof may render the interest on any of the Bonds includible in federal gross income of the owners thereof for purposes of federal income taxation and that the principal proceeds of the sale of the Bonds shall be devoted to and used with due diligence for the purposes

for which the Bonds are hereby authorized to be issued. The City agrees that, to the extent possible under state law, it will comply with whatever federal law is now in effect or which shall be adopted in the future which applies to the Bonds and affects the tax-exempt status of the Bonds.

The Mayor and the City Clerk, or either of them, are hereby authorized to execute on behalf of the City a Tax Exemption Certificate and Agreement (the "Tax Certificate") to assure the purchasers and owners of the Bonds that the proceeds of the Bonds will not be used in a manner which would or might result in the Bonds being "private activity bonds" under Section 141 of the Code, "arbitrage bonds" under Section 148 of the Code, or the regulations of the United States Treasury Department currently in effect or proposed or which would or might result in the inclusion of the interest paid on the Bonds in gross income of the recipients thereof for purposes of regular federal income taxation. Such Tax Certificate shall constitute a representation, certification and agreement of the City and no investment or use of Bond proceeds or of monies accumulated to pay the Bonds herein authorized shall be made in violation of the expectations and covenants prescribed by said Tax Certificate. Such Tax Certificate shall constitute an agreement of the City to follow certain covenants which may require the City to take certain actions (including the creation of a rebate fund and the payment of certain amounts to the United States Treasury) or which may prohibit certain actions (including the establishment of certain funds) under certain conditions as specified in such Tax Certificate.

The City further recognizes that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order that interest thereon is excludable from federal gross income for purposes of federal income taxation of the owners thereof under laws in force at the time the Bonds are delivered. In this connection, the City agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

Section 14. Refunding Escrow Agreement. To provide for the payment of interest, as applicable, on the Refunded Bonds to, and the redemption price of the Refunded Bonds on their first optional redemption date, the Mayor is hereby authorized and directed to execute, and the City Clerk to attest, all on behalf of the City, the Escrow Agreement with the Escrow Agent in substantially the form presented at this meeting or with such changes therein or thereto as may be approved by the Mayor and City Clerk, their respective execution and attestation thereof to constitute conclusive evidence of their approval and the approval of the City of all such changes. The City Clerk is hereby authorized and directed to deliver to and deposit with the Escrow Agent the amounts herein provided, the same to be invested, if at all, and applied as provided in the Escrow Agreement. The Escrow Agent, or its successor, is hereby authorized and directed to hold and administer all funds delivered to and deposited with it as provided in the Escrow Agreement and to perform such duties and exercise such responsibilities as are set forth in the Escrow Agreement.

Section 15. Notice of Intent to Issue Refunding Bonds. Prior to the issuance of the Bonds, notice of the City's intention to refund the Refunded Bonds expected to be refunded shall be given as provided by the Act either (i) by mail to the owners of all the Outstanding Bonds expected to be refunded, or (ii) by publication one (1) time both in a financial newspaper published in New York, New York and in a newspaper of general circulation in the City. Such notice shall be in substantially the following form:

NOTICE OF INTENTION TO
ISSUE REFUNDING BONDS

TO ALL OWNERS OF
CITY OF CLEVELAND, TENNESSEE,
GENERAL OBLIGATION BONDS, SERIES 1999
MATURING ON _____ 1, ____ THROUGH ____

NOTICE is hereby given that the City of Cleveland, Tennessee (the "City") intends to refund the above-captioned Bonds (the "Outstanding Bonds") by depositing a portion of the proceeds from the issuance of its General Obligation Refunding Bonds, Series 2005 (the "Refunding Bonds") and other available funds in escrow with Regions Bank, Nashville, Tennessee, as Escrow Agent, to provide for the payment of interest on the Outstanding Bonds to their respective maturity dates or first optional redemption date, whichever first occurs, and the payment of the maturity amount or redemption price, as appropriate, of the Outstanding Bonds on such respective maturity dates or first optional redemption date at which time the Outstanding Bonds will be paid or redeemed, as appropriate. The currently estimated delivery date of the Refunding Bonds is January 27, 2005. The City reserves the right to refund less than all of the Outstanding Bonds and not to issue the Refunding Bonds at the time estimated herein or at all.

This is not a notice of redemption.

CITY OF CLEVELAND, TENNESSEE

By: /s/ _____
Mayor

If the Bonds are not issued as contemplated by the said notice, then notice thereof shall also be given, to the extent required by the Act.

Section 16. Official Statement. The Mayor is hereby authorized and directed to provide for the preparation and distribution of a Preliminary Official Statement describing the Bonds and to make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this Resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The Mayor shall arrange for the delivery to the Initial Purchaser of the Bonds a reasonable number of copies of the Official Statement within seven (7) business days after the Bonds have been awarded for delivery, for distribution by the Initial Purchaser to each potential investor requesting a copy of the Official Statement and to each person to whom such Initial Purchaser and members of its purchasing group initially sell the Bonds.

The Mayor is authorized, on behalf of the City, 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 of the Securities and Exchange Commission, 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 City, except for the omission in the Preliminary Official Statement of such pricing and other information.

Section 17. Secondary Market Disclosure. The Mayor is authorized to deliver certifications and to enter into contractual commitments pursuant to which the City will, for so long as the Bonds remain outstanding, provide or cause to be provided continuing disclosure with respect to the financial condition of the City and material events with respect to the Bonds or the financial condition of the City in compliance with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934.

Section 18. Duties of Bond Registrar. The Bond Registrar shall be such authorized entity as defined herein selected by the Mayor. If requested by the Bond Registrar, the Mayor is authorized to execute and the City Clerk of the City is authorized to attest the Bond Registrar's standard form of agreement between the City and the Bond Registrar with respect to the obligations and duties of the Bond Registrar hereunder which shall include the following:

- (a) to act as bond registrar, authenticating agent, paying agent and transfer agent as provided herein;
- (b) to give notice of redemption of Bonds as provided herein;

- (c) to cancel and destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer;
- (d) to furnish the City at least annually a certificate of destruction with respect to Bonds canceled and destroyed; and
- (e) to furnish the City at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds or such other information in lieu thereof as is acceptable to the Mayor.

Section 19. Defeasance, Discharge and Satisfaction. The covenants, agreements and pledges entered into, created or imposed pursuant to this Resolution may be fully discharged and satisfied with respect to each issue of Bonds, or any of them, in any one or more of the following ways:

- (a) by paying such bonds when the same shall become due and payable;
- (b) by depositing with the Bond Registrar at or before the date of maturity or redemption of such bonds, money in the amount necessary to pay or redeem such bonds;
- (c) by defeasing such bonds as provided in Section 11 of this Resolution which when such provision is applicable;
- (d) by delivering such bonds to the Bond Registrar for cancellation.

Upon such payment, deposit or delivery above provided, such Bonds shall no longer be deemed Outstanding for purposes of this Resolution and all liability of the City with respect to such Bonds shall cease, determine and be completely discharged, and the owners thereof shall be entitled only to payment out of the money or Securities so deposited. Moneys and/or Government Securities deposited in escrow and moneys deposited with the Registration Agent pursuant to this Section, and investment earnings or increment thereon, shall be held in trust for the payment of the principal of, premium, if any, and interest on such Bonds and shall not be withdrawn or used for any other purpose until such Bonds are fully paid and thereafter, any amounts remaining shall be paid over to the City. No deposit pursuant to clause (c) above shall preclude or impair the right of the City to call all or any portion of the Bonds of the issue of which this Bond is one for redemption in accordance with provisions hereinabove and in the Resolution applicable to optional redemptions.

Section 20. Resolution a Contract; Amendments. The provisions of this Resolution shall constitute a contract between the City and the Registered Owners from time to time of the Bonds. After the issuance of the Bonds, no amendment shall be made to the provisions of this Resolution until the principal of, premium if any, and interest on the Bonds shall have been fully paid, except such amendments as (i) are approved by Bond Counsel and which are not to the prejudice of the Registered Owners of the Bonds or (ii) are consented to in writing by one hundred percent (100%) of the Registered Owners of the Bonds within a period of one (1) year next preceding the effective date of such amendment. For purposes of the immediately preceding clause (ii), any such consent by a Registered Owner of the Bonds shall be irrevocable and shall be binding upon the heirs, administrators, executors, successors, assigns and transferees of such Registered Owner.

Section 21. Qualified Tax-Exempt Obligations Designation. To the extent it may lawfully do so, the Bonds, and each series or emission thereof, are hereby designated as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code provided they are sold at such time or times and in the amounts to qualify as such and the Mayor is hereby authorized to execute such certificates as are required by Bond Counsel to evidence the qualification of the Bonds as such.

Section 22. No Recourse on Bonds. No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Bonds or for any claim based thereon or under this Resolution against any member or officer of the City Council of the City or against any officer or official of the City in his or her individual capacity.

Section 23. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason or under any circumstances, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution or the validity or enforceability of such section, paragraph or provision under differing circumstances, and toward that end the provisions of this Resolution are hereby declared severable.

Section 24. Repeal. All ordinances and resolutions in conflict herewith are hereby repealed to the extent of such conflict, and this Resolution shall take effect from and after its passage, the public welfare requiring it.

ADOPTED this 10th day of January 2005.

Approved as to form:

S/L. Harlen Painter, City Attorney

Tom Rowland, Mayor

Janice S. Casteel, City Clerk

Mayor Rowland asked City Manager, Joe Cate, if Tennessee Municipal Bond Fund could have an opportunity to submit a bond proposal for the \$11,250,000 Refunding Issue. City Clerk, Janice Casteel, stated that yes they would be allowed to submit a bond proposal by Friday, January 14, 2005 at noon. The bond proposal is to include the net savings and closing date of issue.

Councilwoman Hines moved that Resolution No: 2005-04 be accepted as presented. The motion was seconded by Councilman Johnson; and upon roll call, unanimously passed.

There being no further business, the meeting was adjourned.

Mayor

City Clerk