

**MINUTES OF THE MEETING
BOARD OF MAYOR AND ALDERMEN
September 18, 2006**

The Board of Mayor and Aldermen met in regular session on Monday, September 18, 2006 in the Municipal Courtroom at 7:00 p.m.

Mayor Revell presided with all Aldermen present except Alderman McCright.

The meeting opened with the "Pledge of Allegiance to the flag" and prayer by Alderman James Lee.

PUBLIC HEARING – ORDINANCE BB-583 – FLOOD HAZARD DISTRICTS

On a motion by Aldermen Dean and Lee the Board deleted Article XXII of the Dyersburg Zoning Ordinance and replaced it in its entirety with the "Provisions Governing Flood Hazard Districts" as prescribed by the Federal Emergency Management Agency and Tennessee Local Planning Office.

PUBLIC HEARING – ORDINANCE BB-584 – ALLEY CLOSING 108 & 116 TICKLE STREET EAST

On a motion by Aldermen Guthrie and Norman the Board closed an alley way north of Tickle Street East lying between 108 & 116 Tickle Street East and terminating at their rear property line with Dyersburg State.

PUBLIC HEARING – ORDINANCE BB-585 – STREET CLOSING – NORTHGATE DRIVE

On a motion by Aldermen Dean and Moody the Board abandoned all claims to an undeveloped street right-of-way north of Northgate Cove being a segment of Northgate Drive that terminates at the south boundary of Market Place Subdivision.

PUBLIC HEARING – RICKS STREET EXTENSION

A resident of Ricks Street spoke against the extension of Ricks Street.

On a motion by Aldermen Moody and Norman the Board voted not to construct Ricks Street from its current terminus to Meeks Street.

BIDS

The following bids were submitted for approval:

Dept. – Recreation
Item – ½ ton pickup
Purpose – Replace 1988 pickup
Budgeted - \$14,000
Notification – State Gazette, direct to 5 vendors
Bids - Moody Wadley No Response
 Rick Hill Nissan \$20,295.00
 United Dodge \$17,609.00
 Delta Chevrolet \$16,980.00
 Tim Castellaw \$15,375.50
 Neil-Sandler GMC \$13,454.75
 (TN State Contract)

Recommend award of bid to Neil-Sandler GMC, Murfreesboro, \$13,454.75.

Motion by Aldermen Lee and Dean.

Dept. – Police
Item – (4) Ford Crown Vic. Police Cars
Purpose – Replace 4 patrol vehicles
Budgeted - \$96,000.00
Notification – State Gazette, direct to 4 vendors
Bids - United Dodge \$103,992.00
 Ted Russel Ford \$ 91,780.00
 Golden Circle Ford \$ 90,809.64
 Castellaw Ford \$ 84,770.00

Recommend award of bid to Castellaw Ford, Dyersburg, \$84,770.00.

Motion by Aldermen Dudley and Lee.

Dept. – Water & Sewer
Item – ¾ ton crew cab utility truck
Purpose – Replace 1995 GMC truck
Budgeted - \$40,000.00
Notification – State Gazette, Direct to 4 vendors
Bids - United Dodge No Bid
 Moody-Wadley No Response
 Delta Chevrolet No Response
 Castellaw Ford \$32,959.54

Recommend award of bid to Castellaw Ford, Dyersburg, \$32,959.54.

Motion by Aldermen Lee and Kirk.

Dept. – Golf Course
Item – Greens Mower
Purpose – Replace 11 year old mower
Budgeted - \$21,000.00
Notification – State Gazette, Direct to 4 vendors
Bids - Ag Center No Bid
 Bob Ladd No Bid
 Erb Equipment No Response
 Greenville Turf \$21,902.00
 (includes trade-in)

Recommend award of bid to Greenville Turf, Hernando, MS, \$21,902.00.

Motion by Aldermen Kirk and Dean.

Dept. – Street Department
Item – Highway Salt
Purpose – De-icing Streets
Budgeted - \$10,000.00
Notification – None, State Contract

Recommend award of bid to North American Salt, Overland Park, KS, \$10,000.00.

Motion by Aldermen Lee and Moody.

Dept. – Gas & Water
Item – Automatic Meter Reading Equipment
Purpose – Implement 2nd Phase of conversion to Automatic Meter Reading
Budgeted – Gas \$50,000.00
 Water \$50,000.00
Notification – None, Proprietary Product

Recommend award of bid to Datamatic, Plano, TX, \$100,000.00.

Motion by Aldermen Lee and Dean.

CHAMBER AGRIBUSINESS REPORT

Mr. Eddie Anderson presented the priorities of the Chamber Agribusiness team. The effort is to recognize and expand the County's largest industry – agriculture.

CHAMBER EDUCATION REPORT

Dr. Karen Bowyer, President of Dyersburg State Community College reported on the Dyer County Promise, Tennessee Scholars, dual education programs and other means to provide and encourage education.

POLICE CHIEF REPORT

Chief Terry Ledbetter reported the following:

- A new vicious dog ordinance will be ready for review by mid October. Currently active enforcement of the existing ordinance is making a difference.**
- Dyersburg has been listed as a Weed-Seed alumni site. This makes the City eligible for future funding.**
- Roll call training on the curfew for minors has been completed. Verbal warnings are being issued in September with the issue of citations to begin October 1.**
- The department seized 19 firearms in the past two months.**
- The four-way stop signs and red flashing lights will go into effect September 25 at the intersection of Mill Avenue and Market Street.**

RETIREMENT COMMITTEE APPOINTMENTS

On a motion by Aldermen Lee and Dean the Board appointed the following to serve on the City Employee Retirement Committee: Police Chief Terry Ledbetter, Fire Chief Bob Veal and Public Works Director Freddie Krapf.

CITY ATTORNEY INVOICE

The City Attorney invoice for August 1, 2006 through August 31, 2006 in the amount of \$4,612.50 was approved on a motion by Aldermen Kirk and Guthrie.

RESOLUTION #091806C – TO USE EMINENT DOMAIN TO ACQUIRE A RAILROAD SPUR RIGHT-OF-WAY

On a motion by Aldermen Kirk and Lee the Board approved a resolution to acquire 11.02 acres from Mr. Einar Hoff to be used as a railroad spur right-of-way to the 119 acres east of Nordyne and Caterpillar. The appraised fair market value to be \$38,570.00.

FINANCE COMMITTEE REPORT

Chairman Lewis Norman reported on the meetings of August 23 and September 18, 2006. The Committee took action on the issue of capital outlay notes to finance \$2.6 million for construction of a new 9 acre cell at the landfill by Pickett Industries.

The Board, on motion by Aldermen Norman and Dean, authorized Diane Williamson and Maria Duzan to sign checks for the City Court system.

RESOLUTION #091806A – AUTHORIZING SCHOOL CAPITAL OUTLAY NOTES IN AMOUNT OF \$2,200,000

Upon motion duly made by Lewis Norman and seconded by Howard Guthrie, the following resolution was introduced and after due deliberation was adopted by a unanimous vote.

RESOLUTION AUTHORIZING THE SALE BY THE MAYOR AND PROVIDING THE DETAILS OF NOT TO EXCEED \$2,200,000 SCHOOL CAPITAL OUTLAY NOTES, SERIES 2006, OF THE CITY OF DYERSBURG, TENNESSEE, AND PROVIDING FOR THE LEVY OF AD VALOREM TAXES IN CONNECTION THEREWITH.

WHEREAS, the Board of Mayor and Aldermen of the City of Dyersburg, Tennessee (the "Issuer") has determined that it is necessary to acquire land, do site preparation, and construct and equip city schools, and to acquire, construct, renovate and/or equip other buildings or facilities for city use; and

WHEREAS, the Issuer is authorized by Sections 9-21-101 *et seq.* of the Tennessee Code Annotated to issue capital outlay notes for such purposes; and

WHEREAS, the Issuer proposes to issue not to exceed \$2,200,000 School Capital Outlay Notes, Series 2006 (the "Notes") pursuant to authority of Sections 9-21-101 *et seq.* of the Tennessee Code Annotated, as amended, to provide funds for the above-referenced purposes; and

WHEREAS, the issuance of the Notes must be approved by the State Director of Local Finance as required by Section 9-21-601 of the Tennessee Code Annotated, as amended, prior to their issuance; and

WHEREAS, prior to the issuance and sale of the Notes, it is necessary that the Issuer publish a Notice of Sale with respect to the Notes proposed to be issued; and

WHEREAS, it is appropriate for the Mayor to conduct the sale of the Notes, to accept the best bid for the Notes and to sell the Notes to the best bidder; and

WHEREAS, it is further appropriate for this Board to provide the details of the Notes and the pledge of revenues thereto at this time.

NOW, THEREFORE, BE IT RESOLVED by the Board of Mayor and Aldermen of City of Dyersburg, Tennessee, as follows:

SECTION 1. In order to finance the acquisition of land, site preparation, and the construction and equipping of city schools, and to acquire, construct, renovate and/or

equip other buildings or facilities for city use, the Issuer shall borrow a sum not exceeding \$2,200,000, and School Capital Outlay Notes, Series 2006 of the Issuer in the principal amount borrowed shall be issued pursuant to Sections 9-21-101 et seq., inclusive, of the Tennessee Code Annotated as amended. It is hereby found and determined by the Governing Body that (a) the School Project is necessary and in the best interests of the Citizens of the Issuer, (b) the issuance of the Notes as soon as practicable is in the best interests of the Issuer as the Issuer has already incurred various costs to be reimbursed and it intends to incur additional costs in the near future, and (c) the Issuer will be able to amortize the Notes together with all other indebtedness now outstanding and any indebtedness anticipated to be issued simultaneously with the Notes.

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

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

(b) “Code” shall mean the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder;

(c) “Depository” shall mean 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;

(d) “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;

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

(f) “Financial Advisor,” shall mean Duncan-Williams, Inc., Memphis, Tennessee.

(g) “Governing Body” shall mean the Board of Mayor and Aldermen of the Issuer;

(h) “Issuer” shall mean the City of Dyersburg, Tennessee;

(i) “Mayor” shall mean the duly elected Mayor of the Issuer from time to time.

(j) “Note Registrar” shall mean the registration and paying agent for the Notes appointed by the Mayor pursuant to Section 9, or any successor as from time to time designated by the Governing Body.

(k) “Notes” shall mean the School Capital Outlay Notes, Series 2006, of the Issuer, in an aggregate amount not to exceed the principal amount specified in Section 1, to be dated as of their date of issuance or as otherwise permitted pursuant to Section 7, authorized to be issued by this resolution;

(l) “School Project” shall mean (i) the acquisition of land, site preparation, and construction and equipping of facilities of city schools, (ii) the acquisition, construction, renovation and/or equipping of other buildings or facilities for city use, (iii) the payment of legal, fiscal, administrative, architectural and engineering costs incident to the foregoing, and (iv) the retirement of obligations of the Issuer previously issued for such purposes.

SECTION 3. The Mayor is hereby authorized and directed to determine the principal amount of the Notes not to exceed the principal amount specified in Section 1 to be actually issued (which may be in one or more emissions) and to effect adjustments in the maturity schedule and optional redemption dates set forth herein as authorized in Section 7. The determinations made by the Mayor, as described above, and the finalization of the details of the Notes and sale of the Notes to the successful bidder by the Mayor shall be binding on the Issuer and no further action by the Governing Body with respect thereto shall be required. The Mayor shall cause, if advantageous to the Issuer, all or a portion of the Notes to be insured by one or more bond insurance policies issued by one or more nationally recognized bond insurance companies so long as it is demonstrated to the Mayor's satisfaction either (i) that such insurance is necessary to sell the Notes, or the portion thereof to be insured, or (ii) the present value of the projected savings in interest costs to the Issuer as a result of obtaining such bond insurance exceeds the premium cost to the Issuer for such bond insurance.

Prior to the sale of the Notes, the Issuer shall submit a copy of this resolution authorizing the Notes to the State Director of Local Finance for approval together with any additional information required. In its request for approval, the Issuer shall state and demonstrate that the proposed sale is feasible and in the best interests of the Issuer, and that the Issuer should be able to amortize the Notes together with all other indebtedness

now outstanding and any indebtedness anticipated to be issued simultaneously with the Notes.

The Mayor is hereby authorized and directed to publish a Notice of Sale for the Notes and, if appropriate, for any other obligations of the Issuer which are being competitively sold at the same time, in The State Gazette, Dyersburg, Tennessee, and, if required by law, in The Bond Buyer, New York, New York, and the date of publication shall be selected by the Mayor as he may deem appropriate for the purpose of conducting the sale of the Notes at public sale at the earliest possible date after complying with the requirements of Tennessee Code Annotated, Section 9-21-609 that the Notes must be advertised for sale for not less than 5 days prior to the sale of the Notes. Such Notice of Sale shall be in such form as shall be approved by the Mayor and the Financial Advisor. The Notes shall be sold by physical delivery of bids or by electronic bidding means of an internet bidding service as shall be determined by the Mayor, in consultation with the Financial Advisor. The Mayor is hereby authorized to enter into a contract for financial advisory services in connection with the sale of the Notes and to authorize the Financial Advisor to submit a bid either alone or with other bidders at such public sale.

SECTION 4. The Mayor and City Recorder, working with the Financial Advisor, are hereby authorized and directed to provide for the preparation and distribution, electronic or otherwise, of a Preliminary Official Statement describing the Notes and any other bonds or notes which in the discretion of the Mayor are sold at the same time as the Notes. After the Notes have been sold, the Mayor and the City Recorder shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The Mayor and City Recorder shall arrange for the delivery of a reasonable number of copies of the Official Statement within seven business days after the Notes have been sold to the successful bidder, to each potential investor requesting a copy of the Official Statement and to each person to whom such bidder and members of its bidding group initially sell the Notes.

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

SECTION 5. The Mayor is hereby authorized and directed to conduct the sale of School Capital Outlay Notes, Series 2006, to determine the principal amounts of the Notes not to exceed the amounts specified in Section 1 to be actually issued (which may be in one or more emissions), to effect adjustments in the maturity schedules and optional redemption dates set forth herein as authorized in Section 7 and to accept the bid which results in the lowest true interest cost to the Issuer at not less than ninety-nine percent (99%) of the par value plus accrued interest, all in accordance with the Notice of Sale and upon the date selected for such sale by the Mayor. The determinations of the Mayor, as described above, and the award of the Notes by the Mayor shall be binding on the Issuer and no further action by the Governing Body with respect thereto shall be required.

SECTION 6. Subject to the adjustments permitted pursuant to Section 7, the Notes shall be designated "School Capital Outlay Notes, Series 2006," shall be dated as of their date of issuance, shall be numbered from 1 upward, shall be of the denomination of \$5,000 (or integral multiples thereof), and shall be subject to option of prior redemption as set forth below.

SECTION 7. The Notes shall bear interest, payable semiannually, at the rates per annum approved by the Mayor, not to exceed five and one-half percent (5 ½%) per annum, and shall mature June 1 in the years and in the amounts (subject to adjustment by the Mayor prior to issuance as set forth below) as follows:

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>
2007	\$175,000
2008	150,000
2009	155,000
2010	160,000
2011	170,000
2012	175,000
2013	185,000
2014	190,000
2015	200,000
2016	205,000
2017	215,000
2018	<u>220,000</u>
Total	\$2,200,000.00

The term of the Notes shall not exceed the reasonably expected economic life of the School Project, which is hereby certified by the Governing Body to be at least thirteen (13) years.

The Mayor is authorized to increase or decrease the amount of each maturity, to change the dated date of the Notes to a date other than their date of issuance, to sell the Notes in one or more emissions, to change the Series designation of the Notes, to adjust the principal and interest payment dates of the Notes, and to change the optional redemption dates and provide for a premium not to exceed two percent (2%) of the par amount to be redeemed, such adjustments to be made as the Mayor in his sole discretion shall deem most advantageous to the Issuer, provided that the aggregate amount of Notes issued pursuant to this resolution shall not exceed the principal amount specified in Section 1. The Mayor is authorized to sell the Notes, or any maturities of either series thereof, as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by the Mayor. In the event any or all the Notes are sold as term notes, the Issuer shall redeem term notes on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the maturity amounts established pursuant to this Section 7 for each redemption date, as such maturity amounts may be adjusted pursuant to this Section 7, at a price of par plus accrued interest thereon to the date of redemption. The term notes to be redeemed within a single maturity shall be selected in the manner described in Section 8.

The Mayor is hereby authorized to increase or decrease the amount of any maturity, such adjustments to be made as the Mayor in his sole discretion shall deem appropriate, provided that the aggregate principal amount of Notes issued pursuant to this resolution shall not exceed the principal amount specified in Section 1.

The Mayor is authorized to combine all or a portion of the Notes for all purposes related to the issuance and sale of the Notes including, but not limited to, designating all or a portion of the Notes as a single or separate series, making appropriate adjustments in the form of the Note, and taking such other actions as are appropriate in connection therewith.

SECTION 8. Subject to the adjustments permitted pursuant to Section 7 hereof, any Notes maturing June 1, 2007 through June 1, 2014 shall mature without option of prior redemption. Notes maturing June 1, 2015 and thereafter shall be subject to redemption on June 1, 2014 and at any time thereafter at a redemption price of par plus interest accrued to the redemption date.

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

(a) if the Notes are being held under a Book-Entry System by DTC, or a successor Depository, the Notes 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

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

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such mandatory redemption date, the Issuer may (i) deliver to the Note Registrar for cancellation Notes 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 Notes 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 Note Registrar and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Note so delivered or previously purchased or redeemed shall be credited by the Note Registrar at 100% of the principal amount thereof on the obligation of the Issuer on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Notes to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Issuer shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Note Registrar with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this paragraph 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 Note Registrar on behalf of the Issuer 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 Notes to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Note registration records of the Note Registrar 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 Notes for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Notes, all redemption notices shall be mailed by the Note Registrar to DTC, or such successor Depository, as the registered owner of the Notes, as and when above provided, and neither the Issuer nor the Note Registrar 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 Note Registrar shall mail said notices as and when directed by the Issuer pursuant to written instructions from an authorized representative of the Issuer (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 Note Registrar). From and after the redemption date, all Notes called for redemption shall cease to bear interest if funds are available at the office of the Note Registrar for the payment thereof and if notice has been duly provided as set forth herein.

SECTION 9. The Issuer hereby authorizes the Mayor to appoint the initial paying agent and note registrar (the "Note Registrar") with respect to the Notes and authorizes and directs the Note Registrar to maintain Note registration records with respect to the Notes, to authenticate and deliver the Notes as provided herein, either at original issuance or upon transfer, to effect transfers of the Notes, and to make all payments of principal and interest with respect to the Notes as provided herein, and to cancel and destroy Notes which have been paid at maturity or upon earlier redemption or submitted for exchange, transfer or cancellation and to furnish the Issuer with a certificate of destruction. The Note Registrar shall maintain registration books for the registration and registration of transfer of the Notes, which books shall be kept in a manner that complies with the requirements of Section 149 of the Internal Revenue Code of 1986, as amended, and Regulations thereunder (or under corresponding provisions of prior law, if applicable) for recordkeeping relating to "registration-required bonds" and in accordance with the Tennessee Public Obligations Registration Act (T.C.A. §9-19-101 et seq., as amended).

SECTION 10. The Notes shall be payable, both principal and interest, in lawful money of the United States of America at the designated corporate trust office of the Note Registrar. The Note Registrar shall make all interest payments with respect to the Notes on each interest payment date directly to the registered owners as shown on the Note registration records maintained by the Note Registrar 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 such payment in the United States mail, postage prepaid, addressed to such owners at such owners' addresses shown on said Note registration records, without, except for final payment, the presentation or surrender of such registered Notes, and all such payments shall discharge the obligations of the Issuer in respect of such Notes to the extent of the payments so made. Payment of principal of and premium, if any, on the Notes shall be made upon presentation and surrender of such Notes to the Note Registrar as the same shall become due and payable. In the event the Notes 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 Notes, payment of interest on such Notes 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 Note Registrar and written notice of any such election and designated account is given to the Note Registrar prior to the record date.

The Notes are transferable only by presentation to the Note Registrar by the registered owner, or his legal representative duly authorized in writing, of the registered Note(s) to be transferred with the form of assignment on the reverse side thereof (or attached thereto) completed in full and signed with the name of the registered owner as it appears upon the face of the Note(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Note(s) in such form and with such documentation, if any, the Note Registrar shall issue a new Note or Notes to the assignee(s) in such authorized denominations, as requested by the registered owner requesting transfer. No charge shall be made to any registered owner for the privilege of transferring any Note, provided that any transfer tax relating to such transaction shall be paid by the owner requesting transfer. The person in whose name any Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Issuer nor the Note Registrar shall be affected by any notice to the contrary, including, but not limited to, any previous transfer request not accompanied by acceptable documentation.

The Notes shall be signed by the Mayor with his manual or facsimile signature, shall be attested by the City Recorder by his or her manual or facsimile signature, and shall have imprinted or impressed thereon the official seal of the Issuer (or a facsimile thereof).

The Note Registrar is hereby authorized to authenticate and deliver the Notes from time to time to the original purchasers thereof or as it or they may designate upon receipt by the Issuer of the proceeds of the sale thereof, together with any necessary documentation, and to authenticate and deliver Notes in exchange for Notes of the same principal amount delivered for transfer upon receipt of the Note(s) to be transferred in proper form with proper documentation as hereinabove described. The Notes shall not be valid for any purpose unless authenticated by the Note Registrar by the manual signature of an officer thereof on the certificate set forth herein on the Note form.

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

Any interest on any Note 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 Issuer to the persons in whose names the Notes 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 Issuer shall notify the Note Registrar in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment, and at the same time the Issuer shall deposit with the Note Registrar 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 Note Registrar 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 Note Registrar of the notice of the proposed payment, the Note Registrar 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 Note Registrar shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, 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 therefore to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Note registration records maintained by the Note Registrar as of the date of such notice. Nothing contained in this Section or in the Notes 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 Issuer to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Notes when due.

The Note Registrar shall not be required to transfer or exchange any Note during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Note, nor to transfer or exchange any Note after the publication of notice calling such Note for redemption has been made, nor to transfer or exchange any Note during the period following the receipt of instructions from the Issuer to call such Note for redemption; provided, the Note Registrar, 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 Note, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Issuer nor the Note Registrar shall be affected by any notice to the contrary whether or not any payments due on the Notes shall be overdue. The Notes, upon surrender to the Note Registrar, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of the Notes of the same maturity in any authorized denomination or denominations.

Except as otherwise provided in this resolution, the Notes shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Notes. References in this Section to a Note or the Notes shall be construed to mean the

Note or the Notes that are held under the Book-Entry System. One Note for each maturity shall be issued to DTC and immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Notes 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 Notes. Beneficial ownership interests in the Notes 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 Notes 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 Notes. Transfers of ownership interests in the Notes 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 NOTES, THE NOTE REGISTRAR SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE NOTES FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE NOTES, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE NOTE REGISTRAR 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 Notes, so long as DTC is the only owner of the Notes, shall be paid by the Note Registrar directly to DTC or its nominee, Cede & Co. as provided in the Letter of Representation relating to the Notes from the Issuer and the Note Registrar 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 Issuer and the Note Registrar 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 Notes or (2) the Issuer determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Notes would adversely affect their interests or

the interests of the Beneficial Owners of the Notes, the Issuer shall discontinue the Book-Entry System with DTC. If the Issuer fails to identify another qualified securities depository to replace DTC, the Issuer shall cause the Note Registrar to authenticate and deliver replacement Notes in the form of fully registered Notes to each Beneficial Owner.

THE ISSUER AND THE NOTE REGISTRAR SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE NOTES; (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 NOTES; (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 NOTES; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

The Note Registrar is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Notes for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Notes, utilization of electronic book entry data received from DTC in place of actual delivery of Notes and provision of notices with respect to Notes registered by DTC (or any of its designees identified to the Note Registrar) 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 Notes, provided, however, that the Note Registrar shall not be liable with respect to any such arrangements it may make pursuant to this section.

SECTION 11. The Notes shall be in substantially the following form:

(Form of Note)

REGISTERED

REGISTERED

Number _____

\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF DYER

**CITY OF DYERSBURG
SCHOOL CAPITAL OUTLAY NOTES, SERIES 2006**

Interest Rate: **Maturity Date:** **Date of Note:** **CUSIP No.:**

Registered Owner:

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS: That City of Dyersburg in the State of Tennessee (the "Issuer"), for value received hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth (or upon earlier redemption as set forth herein), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on _____, and semi-annually thereafter on the first day of June and December in each year beginning _____ until this Note 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 corporate trust office of _____, _____, _____, as note registrar and paying agent (the "Note Registrar"). The Note Registrar shall make all interest payments with respect to this Note on each interest payment date directly to the registered owner hereof shown on the Note registration records maintained by the Note Registrar 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 note registration records, without, except for final payment, the presentation or surrender of this Note, and all such payments shall discharge the obligations of the Issuer 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 Note 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 Note Registrar, notice of which shall be given to the owners of the Notes of the issue of which this Note is one not less than ten (10) days prior to such Special Record Date. Payment of principal of [and premium, if any,] on this

Note shall be made when due upon presentation and surrender of this Note to the Note Registrar.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Note 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 Notes of the series of which this Note is one. One Note for each maturity of the Notes shall be issued to DTC and immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Notes 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 Notes, the Issuer and the Note Registrar shall treat Cede & Co., as the only owner of the Notes for all purposes under the Resolution, including receipt of all principal, premium, if any, and interest on the Notes, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal, maturity amounts, interest, and redemption premium, if any, with respect to the Notes, so long as DTC is the only owner of the Notes, 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 Issuer nor the Note Registrar 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 Notes or (2) the Issuer determines that the continuation of the book-entry system of evidence and transfer of ownership of the Notes would adversely affect its interests or the interests of the Beneficial Owners of the Notes, the Issuer may discontinue the book-entry system with DTC. If the Issuer fails to identify another qualified securities depository to replace DTC, the Issuer shall cause the Note Registrar to authenticate and deliver replacement Notes in the form of fully registered Notes to each Beneficial Owner. Neither the Issuer nor the Note Registrar shall have any responsibility or obligations to any DTC Participant or any Beneficial Owner with respect to (i) the Notes; (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 Notes; (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 Notes; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

If no Term Notes are issued, the following provision shall be included:

[Notes of the issue of which this Note is one maturing June 1, 2007 through June 1, 2014 shall mature without option of prior redemption.] Notes of the issue of which this Note is one maturing June 1, 2015 and thereafter shall be subject to redemption at the option of the Issuer, in whole or in part on June 1, 2014 and at any time thereafter at a price of par plus interest accrued to the redemption date.

If Term Notes are issued, the following provisions shall be included:

[The Issuer shall redeem Notes maturing June 1, _____ 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 Notes of which this Note is one, or such Person as shall then be serving as the securities depository for the Notes, shall determine the interest of each Participant in the Notes 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 Notes, the Notes to be redeemed within a maturity shall be selected by the Note Registrar by lot or such other random manner as the Note Registrar in its discretion shall select. The dates of redemption and principal amount of Notes to be redeemed on said dates are as follows:

<u>Stated Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Notes 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 Issuer may (i) deliver to the Note Registrar for cancellation Notes 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 Notes 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 Note Registrar and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Note so delivered or previously purchased or redeemed shall be credited by the Note Registrar at 100% of the principal amount thereof on the obligation of the Issuer on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Notes to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Issuer shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Note Registrar 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 shall be given by the Note Registrar 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 Notes to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Note registration records of the Note Registrar 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 Notes for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Notes, all redemption notices shall be mailed by the Note Registrar to DTC, or such successor Depository, as the registered owner of the Notes, as and when above provided, and neither the Issuer nor the Note Registrar 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 Notes called for redemption shall cease to bear interest if funds are available at the office of the Note Registrar for the payment thereof and if notice has been duly provided as set forth in the Resolution, as hereafter defined.]

This Note is transferable by the registered owner hereof in person or by such owner's legal representative duly authorized in writing at the designated corporate trust office of the Note Registrar 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 Note. Upon such transfer a

new Note or Notes of authorized denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefore.

The person in whose name this Note is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Issuer nor the Note Registrar shall be affected by any notice to the contrary whether or not any payments due on the Note shall be overdue. Notes, upon surrender to the Note Registrar, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Notes of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Note Registrar shall not be required to transfer or exchange any Note during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Note, nor to transfer or exchange any Note after the notice calling such Note for redemption has been made, nor during a period following the receipt of instructions from the Issuer to call such Note for redemption.

This note is one of a series of notes, all of like date, tenor and effect, except as to number, rate of interest and date of maturity, in an aggregate principal amount of \$2,200,000 issued for the purpose of providing funds to finance (i) the acquisition of land, site preparation, and the construction and equipping of city schools, (ii) the acquisition, construction, renovation and/or equipping of other buildings or facilities for city use, (iii) the payment of legal, fiscal, administrative, architectural and engineering costs incident to the foregoing, and (iv) the retirement of obligations previously issued for such purposes, and is issued under and pursuant to and in full compliance with the Constitution and statutes of the State of Tennessee, including Tennessee Code Annotated, Sections 9-21-101 *et seq.*, inclusive, and pursuant to a Resolution duly adopted by the Board of Mayor and Aldermen of the City of Dyersburg, Tennessee, on September 18, 2006. It is hereby certified, recited and declared that all acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Note, in order to make the same a legal, valid and binding obligation of the City of Dyersburg, Tennessee, have happened, do exist and have been performed in regular and due time, form and manner as required by law; that due provision has been made for the levy and collection of a direct annual tax, as may be found necessary each year, upon all taxable property within the City of Dyersburg, Tennessee, sufficient to pay the principal hereof and interest hereon as the same become due and payable; that for the prompt payment of principal and interest on

this Note, the full faith and credit of the Issuer are hereby irrevocably pledged and that this Note and the issue of which it forms a part, together with all other indebtedness of the City of Dyersburg, Tennessee, do not exceed any applicable Constitutional or statutory debt limit.

This Note and the income here from are exempt from all state, county, and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes and except Tennessee franchise, excise and corporate privilege taxes applicable to certain holders.

[This Note is a "qualified tax-exempt obligation" designated by the Issuer for purposes of Section 265(b) (3) (B) of the Internal Revenue Code of 1986, as amended.]

IN WITNESS WHEREOF, the City of Dyersburg, Tennessee, through its Board of Mayor and Aldermen, has caused this Note to be signed by its Mayor by his manual or facsimile signature and countersigned by the manual or facsimile signature of its City Recorder under the impressed or imprinted seal (or a facsimile thereof) of the Issuer all as of the ____ day of _____, 2006.

COUNTERSIGNED:

CITY OF DYERSBURG, TENNESSEE

(SEAL)

City Recorder

Mayor

Transferable and payable at the corporate trust office of _____

Date of Registration: _____

This Note is one of the issue of Notes issued pursuant to the Resolution hereinabove described.

_____,as
Note Registrar

By: _____
Authorized Officer
(Form of Assignment)

For value received, the undersigned_ hereby sells, assigns and transfers unto _____ whose address is _____

[_____ (please insert social security number or tax identification

number)], the within mentioned Note and hereby irrevocably constitutes and appoints _____, or its successor as Note Registrar, to transfer the same on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Registered Owner

Signature Guaranteed:

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

Notice: Signature(s) must be guaranteed by a member firm of a Medallion Program acceptable to the Note Registrar.

SECTION 12. When the Notes hereby authorized are issued, the same shall be the absolute and general obligations of the City of Dyersburg, Tennessee, to the payment of which the full faith, credit and resources of the City of Dyersburg, Tennessee, are hereby irrevocably pledged, and in order to provide for the payment of the Notes and the interest thereon, there shall be and there is hereby directed to be levied and collected, at the same time and in the same manner as other taxes of the City of Dyersburg, Tennessee, are levied and collected, a direct, continuing annual tax upon all taxable property within the boundaries of the City of Dyersburg, Tennessee, in such amount as may be found necessary each year to provide for the payment of the principal of the Notes and the interest thereon, as the same mature and become due.

It shall be the duty of the tax-levying and collecting authorities of the City of Dyersburg, Tennessee, in each year while any of the Notes issued hereunder shall remain outstanding and unpaid, without any further direction or authority to levy and collect the taxes herein provided for, and the rate of taxation to be levied in each year shall be sufficient, after making allowance for delinquencies in the payment of taxes and the cost of collection, to provide the sums required in each year for the payment of the principal and the interest on the Notes. Should there be a failure in any year to comply with the requirements of this Section, such failure shall not impair the right of the holders of any of the Notes in any subsequent year to have adequate taxes levied and collected to meet the obligations of the Notes herein authorized to be issued, both as to principal and interest. Principal and interest falling due at any time when there are insufficient funds on hand shall be paid from the current funds of the Issuer and reimbursement therefore 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 direct appropriations from the general funds of the Issuer to the payment of debt service on the Notes.

SECTION 13. Remedies of Noteholders. Except as herein expressly limited, the registered owners of the Notes shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Tennessee and of the United States of America for the enforcement of payment of such Notes and the interest thereon and of the pledge of the revenues made hereunder and of the covenants of the Issuer hereunder, including all the benefits and rights granted by Sections 9-21-101 et seq. of the Tennessee Code Annotated.

SECTION 14. From the proceeds of the sale of the Notes, any accrued interest shall be deposited to the Note Fund of the Issuer and used to pay interest on the Notes on the first interest payment date following delivery of the Notes.

From the remaining proceeds, all costs of issuance and sale of the Notes, including necessary legal, accounting, fiscal, printing, engraving, advertising and similar expenses and Note Registrar fees' shall be paid or provided for.

The balance of the proceeds from the sale of the Notes shall be deposited with the City Treasurer and shall be kept separate and apart from all other funds of the Issuer in a special fund hereby designated as the "City of Dyersburg, Tennessee, 2006 School Construction Fund," which shall be applied exclusively to pay costs of the School Project, to refund, call or make principal and interest payments on obligations of the Issuer previously issued for such purposes and to pay any unpaid expenses in the issuance and sale of the Notes, including but not limited to necessary legal, accounting, engineering and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs and Note Registrar fees; and it shall be used for no other purposes. Any Note funds not put to immediate use shall be deposited at interest by the City Treasurer until needed. The interest arising there from shall be used only towards retiring the Notes or may be added to Note proceeds and used for the same purposes. Money in such Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in such Fund. Any funds remaining in such Fund after completion of the School Project and payment of authorized expenses shall be used to pay principal of and interest on the Notes

or may be used by the Mayor, on approval of the City Treasurer, to purchase Notes at not more than par value.

SECTION 15. The Issuer recognizes that the purchasers and holders of the Notes will have accepted them on, and paid therefore a price that reflects, the understanding that interest thereon is exempt from federal income taxation under laws in force on the date of delivery of the Notes. In this connection, the Issuer agrees that it shall take no action which may render the interest on any of said Notes subject to federal income taxation and agrees to take all action as may be necessary to comply with the provisions of the Code and regulations thereunder in order to maintain or assure the tax exempt status of the Notes. It is the reasonable expectation of the Governing Body of the Issuer that the proceeds of the Notes will not be used in a manner which will cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Code, including any lawful regulations promulgated or proposed thereunder (or under corresponding provisions of prior law, if applicable), and to this end the said proceeds of the Notes and other related funds established for the purposes herein set out, shall be used and spent expeditiously for the purposes described herein. The Mayor, City Recorder and City Treasurer or either of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Notes as they shall deem appropriate, and such certifications shall constitute representations and certifications of the Issuer.

SECTION 16. To the extent it may do so, the Issuer hereby designates the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b) (3) (B) of the Code and covenants that the Notes do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 aggregate principal of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, private activity bonds as defined in Section 141 of the Code, other than qualified 501(c) (3) Bonds as defined in Section 145 of the Code and further excluding bonds issued to refund, other than to advance refund, other bonds to the extent the amount of the refunding bonds do not exceed the outstanding amount of the refunded bonds), including the Notes, have been or are reasonably expected to be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2006, or in any subsequent year in which any emission of the Notes may be issued.

SECTION 17. If the Issuer shall pay and discharge the indebtedness evidenced by any of the Notes 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 Note Registrar, the principal of and interest on such Notes as and when the same become due and payable;

(b) By depositing or causing to be deposited with any trust company or bank whose deposits are insured by the Federal Deposit Insurance Corporation and which has trust powers ("an Agent which Agent may be the Note Registrar), in trust, on or before the date of maturity or redemption, sufficient money or Obligations of the United States of America, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Notes and to pay premium, if any, and interest thereon when due until the maturity or redemption date (provided, if such Notes 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) and if the Issuer shall, also pay or cause to be paid all other sums payable hereunder by the Issuer with respect to such Notes, or make adequate provision therefore, and by resolution of the Governing Body instruct any such Agent to pay amounts when and as required to the Note Registrar for the payment of principal of and interest and redemption premiums, if any, on such Notes when due; or

(c) By delivering such Notes to the Note Registrar, for cancellation by it; then and in that case the indebtedness evidenced by such Notes shall be discharged and satisfied and all covenants, agreements and obligations of the Issuer to the owners of such cease, terminate and become void.

If the Issuer shall pay and discharge the indebtedness evidenced by any of the Notes 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 Obligations of the United States of America deposited as aforesaid.

Except as otherwise provided in this Section 17, neither the Obligations of the United States of America nor moneys deposited with the Note Registrar pursuant to this Section nor principal or interest payments on any such Obligations of the United States of America shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and premium, if any, and interest on said Notes; provided, that any cash received from such principal or interest payments on such Obligations of the United States of America deposited with the Note Registrar, (A) to the extent such cash will be required for such purpose at a later date, shall, to the extent

practicable, be reinvested in Obligations of the United States of America maturing at times and in amounts sufficient to pay when due the principal and premiums, if any, and interest to become due on said Notes 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 Issuer, as received by the Note Registrar.

SECTION 18. Continuing Disclosure. The Issuer hereby covenants and agrees that it will provide annual financial information and material event notices if and as required by Rule 15c2-12 of the Securities Exchange Commission for the Notes. The Mayor is authorized to execute a continuing disclosure agreement for the benefit of and enforceable by the owners of the Notes specifying the details of the financial information and material event notices to be provided and the Issuer's obligations relating thereto. Failure of the Issuer to comply with the undertaking herein described and to be detailed in such continuing disclosure agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Notes to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the Issuer to comply with its undertaking as set forth herein and in such continuing disclosure agreement, including the remedies of mandamus and specific performance.

SECTION 19. The provisions of this Resolution shall constitute a contract between the Issuer and the registered owners of the Notes, and after the issuance of the Notes, 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 Notes and interest due thereon shall have been paid in full except such changes as shall be required to assure the validity and/or tax exempt status of the Notes.

SECTION 20. If any section, paragraph, clause or provision of this Resolution shall be held to be invalid or ineffective for any reason, the remainder of this Resolution shall remain in full force and effect, it being expressly hereby found and declared that the remainder of the Resolution would have been adopted by this Governing Body despite the invalidity of such section, paragraph, clause or provision.

SECTION 21. All orders or resolutions in conflict herewith be and the same are hereby repealed insofar as such conflict exists.

SECTION 22. This resolution shall take effect from and after its approval, the general welfare of the City of Dyersburg requiring it.

Passed and approved September 18, 2006.

(SEAL)

Mayor

ATTEST:

City Recorder

**RESOLUTION #091806B AUTHORIZING GENERAL OBLIGATION CAPITAL
OUTLAY NOTES IN THE AMOUNT OF \$2,750,000.**

Upon motion duly made by Lewis Norman and seconded by James Lee, the following resolution was introduced and after due deliberation was adopted by a unanimous vote.

**RESOLUTION AUTHORIZING THE SALE BY THE MAYOR AND PROVIDING THE
DETAILS OF NOT TO EXCEED \$2,750,000 GENERAL OBLIGATION CAPITAL
OUTLAY NOTES, SERIES 2006, OF THE CITY OF DYERSBURG, TENNESSEE, AND
PROVIDING FOR THE LEVY OF AD VALOREM TAXES IN CONNECTION
THEREWITH.**

WHEREAS, the Board of Mayor and Aldermen of the City of Dyersburg, Tennessee (the "Issuer") has determined that it is necessary to acquire fire trucks and other equipment, and to acquire, construct, renovate and/or equip buildings or facilities for city use; and

WHEREAS, the Issuer is authorized by Sections 9-21-101 *et seq.* of the Tennessee Code Annotated to issue capital outlay notes for such purposes; and

WHEREAS, the Issuer proposes to issue not to exceed \$2,750,000 General Obligation Capital Outlay Notes, Series 2006 (the "Notes") pursuant to authority of Sections 9-21-101 *et seq.* of the Tennessee Code Annotated, as amended, to provide funds for the above-referenced purposes; and

WHEREAS, the issuance of the Notes must be approved by the State Director of Local Finance as required by Section 9-21-601 of the Tennessee Code Annotated, as amended, prior to their issuance; and

WHEREAS, prior to the issuance and sale of the Notes, it is necessary that the Issuer publish a Notice of Sale with respect to the Notes proposed to be issued; and

WHEREAS, it is appropriate for the Mayor to conduct the sale of the Notes, to accept the best bid for the Notes and to sell the Notes to the best bidder; and

WHEREAS, it is further appropriate for this Board to provide the details of the Notes and the pledge of revenues thereto at this time.

NOW, THEREFORE, BE IT RESOLVED by the Board of Mayor and Aldermen of City of Dyersburg, Tennessee, as follows:

SECTION 1. In order to finance the acquisition of fire trucks and other equipment, and to acquire, construct, renovate and/or equip buildings or facilities for city

use (the "Project"), the Issuer shall borrow a sum not exceeding \$2,750,000, and General Obligation Capital Outlay Notes, Series 2006 of the Issuer in the principal amount borrowed shall be issued pursuant to Sections 9-21-101 et seq., inclusive, of the Tennessee Code Annotated as amended. It is hereby found and determined by the Governing Body that (a) the Project is necessary and in the best interests of the Citizens of the Issuer, (b) the issuance of the Notes as soon as practicable is in the best interests of the Issuer as the Issuer has already incurred various costs to be reimbursed and it intends to incur additional costs in the near future, and (c) the Issuer will be able to amortize the Notes together with all other indebtedness now outstanding and any indebtedness anticipated to be issued simultaneously with the Notes.

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

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

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

(c) "Depository" shall mean 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;

(d) "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;

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

(f) "Financial Advisor," shall mean Duncan-Williams, Inc., Memphis, Tennessee.

(g) "Governing Body" shall mean the Board of Mayor and Aldermen of the Issuer;

(h) "Issuer" shall mean the City of Dyersburg, Tennessee;

(i) “Mayor” shall mean the duly elected Mayor of the Issuer from time to time.

(j) “Note Registrar” shall mean the registration and paying agent for the Notes appointed by the Mayor pursuant to Section 9, or any successor as from time to time designated by the Governing Body.

(k) “Notes” shall mean the General Obligation Capital Outlay Notes, Series 2006, of the Issuer, in an aggregate amount not to exceed the principal amount specified in Section 1, to be dated as of their date of issuance or as otherwise permitted pursuant to Section 7, authorized to be issued by this resolution;

(l) “Project” shall mean (i) the acquisition of fire trucks and other equipment, (ii) the acquisition, construction, renovation and equipping of buildings or facilities for city use; (iii) the payment of legal, fiscal, administrative, architectural and engineering costs incident to the foregoing, and (iv) the retirement of obligations of the Issuer previously issued for such purposes.

SECTION 3. The Mayor is hereby authorized and directed to determine the principal amount of the Notes not to exceed the principal amount specified in Section 1 to be actually issued (which may be in one or more emissions) and to effect adjustments in the maturity schedule and optional redemption dates set forth herein as authorized in Section 7. The determinations made by the Mayor, as described above, and the finalization of the details of the Notes and sale of the Notes to the successful bidder by the Mayor shall be binding on the Issuer and no further action by the Governing Body with respect thereto shall be required. The Mayor shall cause, if advantageous to the Issuer, all or a portion of the Notes to be insured by one or more bond insurance policies issued by one or more nationally recognized bond insurance companies so long as it is demonstrated to the Mayor's satisfaction either (i) that such insurance is necessary to sell the Notes, or the portion thereof to be insured, or (ii) the present value of the projected savings in interest costs to the Issuer as a result of obtaining such bond insurance exceeds the premium cost to the Issuer for such bond insurance.

Prior to the sale of the Notes, the Issuer shall submit a copy of this resolution authorizing the Notes to the State Director of Local Finance for approval together with any additional information required. In its request for approval, the Issuer shall state and demonstrate that the proposed sale is feasible and in the best interests of the Issuer, and that the Issuer should be able to amortize the Notes together with all other indebtedness

now outstanding and any indebtedness anticipated to be issued simultaneously with the Notes.

The Mayor is hereby authorized and directed to publish a Notice of Sale for the Notes and, if appropriate, for any other obligations of the Issuer which are being competitively sold at the same time, in The State Gazette, Dyersburg, Tennessee, and, if required by law, in The Bond Buyer, New York, New York, and the date of publication shall be selected by the Mayor as he may deem appropriate for the purpose of conducting the sale of the Notes at public sale at the earliest possible date after complying with the requirements of Tennessee Code Annotated, Section 9-21-609 that the Notes must be advertised for sale for not less than 5 days prior to the sale of the Notes. Such Notice of Sale shall be in such form as shall be approved by the Mayor and the Financial Advisor. The Notes shall be sold by physical delivery of bids or by electronic bidding means of an internet bidding service as shall be determined by the Mayor, in consultation with the Financial Advisor. The Mayor is hereby authorized to enter into a contract for financial advisory services in connection with the sale of the Notes and to authorize the Financial Advisor to submit a bid either alone or with other bidders at such public sale.

SECTION 4. The Mayor and City Recorder, working with the Financial Advisor, are hereby authorized and directed to provide for the preparation and distribution, electronic or otherwise, of a Preliminary Official Statement describing the Notes and any other bonds or notes which in the discretion of the Mayor are sold at the same time as the Notes. After the Notes have been sold, the Mayor and the City Recorder shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The Mayor and City Recorder shall arrange for the delivery of a reasonable number of copies of the Official Statement within seven business days after the Notes have been sold to the successful bidder, to each potential investor requesting a copy of the Official Statement and to each person to whom such bidder and members of its bidding group initially sell the Notes.

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

SECTION 5. The Mayor is hereby authorized and directed to conduct the sale of General Obligation Capital Outlay Notes, Series 2006, to determine the principal amounts of the Notes not to exceed the amounts specified in Section 1 to be actually issued (which may be in one or more emissions), to effect adjustments in the maturity schedules and optional redemption dates set forth herein as authorized in Section 7 and to accept the bid which results in the lowest true interest cost to the Issuer at not less than ninety-nine percent (99%) of the par value plus accrued interest, all in accordance with the Notice of Sale and upon the date selected for such sale by the Mayor. The determinations of the Mayor, as described above, and the award of the Notes by the Mayor shall be binding on the Issuer and no further action by the Governing Body with respect thereto shall be required.

SECTION 6. Subject to the adjustments permitted pursuant to Section 7, the Notes shall be designated "General Obligation Capital Outlay Notes, Series 2006," shall be dated as of their date of issuance, shall be numbered from 1 upward, shall be of the denomination of \$5,000 (or integral multiples thereof), and shall be subject to option of prior redemption as set forth below.

SECTION 7. The Notes shall bear interest, payable semiannually, at the rates per annum approved by the Mayor, not to exceed five and one-half percent (5 1/2%) per annum, and shall mature June 1 in the years and in the amounts (subject to adjustment by the Mayor prior to issuance as set forth below) as follows:

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>
2010	\$245,000
2011	250,000
2012	260,000
2013	275,000
2014	285,000
2015	295,000
2016	305,000
2017	320,000
2018	<u>330,000</u>
Total	\$2,565,000.00

The term of the Notes shall not exceed the reasonably expected economic life of the Project, which is hereby certified by the Governing Body to be at least thirteen (13) years.

The Mayor is authorized to increase or decrease the amount of each maturity, to change the dated date of the Notes to a date other than their date of issuance, to sell the Notes in one or more emissions, to change the Series designation of the Notes, to adjust the principal and interest payment dates of the Notes, and to change the optional redemption dates and provide for a premium not to exceed two percent (2%) of the par amount to be redeemed, such adjustments to be made as the Mayor in his sole discretion shall deem most advantageous to the Issuer, provided that the aggregate amount of Notes issued pursuant to this resolution shall not exceed the principal amount specified in Section 1. The Mayor is authorized to sell the Notes, or any maturities of either series thereof, as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by the Mayor. In the event any or all the Notes are sold as term notes, the Issuer shall redeem term notes on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the maturity amounts established pursuant to this Section 7 for each redemption date, as such maturity amounts may be adjusted pursuant to this Section 7, at a price of par plus accrued interest thereon to the date of redemption. The term notes to be redeemed within a single maturity shall be selected in the manner described in Section 8.

The Mayor is hereby authorized to increase or decrease the amount of any maturity, such adjustments to be made as the Mayor in his sole discretion shall deem appropriate, provided that the aggregate principal amount of Notes issued pursuant to this resolution shall not exceed the principal amount specified in Section 1.

The Mayor is authorized to combine all or a portion of the Notes for all purposes related to the issuance and sale of the Notes including, but not limited to, designating all or a portion of the Notes as a single or separate series, making appropriate adjustments in the form of the Note, and taking such other actions as are appropriate in connection therewith.

SECTION 8. Subject to the adjustments permitted pursuant to Section 7 hereof, any Notes maturing June 1, 2010 through June 1, 2014 shall mature without option of prior redemption. Notes maturing June 1, 2015 and thereafter shall be subject to redemption on June 1, 2014 and at any time thereafter at a redemption price of par plus interest accrued to the redemption date.

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

(a) if the Notes are being held under a Book-Entry System by DTC, or a successor Depository, the Notes 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

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

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such mandatory redemption date, the Issuer may (i) deliver to the Note Registrar for cancellation Notes 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 Notes 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 Note Registrar and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Note so delivered or previously purchased or redeemed shall be credited by the Note Registrar at 100% of the principal amount thereof on the obligation of the Issuer on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Notes to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Issuer shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Note Registrar with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this paragraph 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 Note Registrar on behalf of the Issuer 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 Notes to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Note registration records of the Note Registrar 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 Notes for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Notes, all redemption notices shall be mailed by the Note Registrar to DTC, or such successor Depository, as the registered owner of the Notes, as and when above provided, and neither the Issuer nor the Note Registrar 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 Note Registrar shall mail said notices as and when directed by the Issuer pursuant to written instructions from an authorized representative of the Issuer (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 Note Registrar). From and after the redemption date, all Notes called for redemption shall cease to bear interest if funds are available at the office of the Note Registrar for the payment thereof and if notice has been duly provided as set forth herein.

SECTION 9. The Issuer hereby authorizes the Mayor to appoint the initial paying agent and note registrar (the "Note Registrar") with respect to the Notes and authorizes and directs the Note Registrar to maintain Note registration records with respect to the Notes, to authenticate and deliver the Notes as provided herein, either at original issuance or upon transfer, to effect transfers of the Notes, and to make all payments of principal and interest with respect to the Notes as provided herein, and to cancel and destroy Notes which have been paid at maturity or upon earlier redemption or submitted for exchange, transfer or cancellation and to furnish the Issuer with a certificate of destruction. The Note Registrar shall maintain registration books for the registration and registration of transfer of the Notes, which books shall be kept in a manner that complies with the requirements of Section 149 of the Internal Revenue Code of 1986, as amended, and Regulations thereunder (or under corresponding provisions of prior law, if applicable) for recordkeeping relating to "registration-required bonds" and in accordance with the Tennessee Public Obligations Registration Act (T.C.A. §9-19-101 et seq., as amended).

SECTION 10. The Notes shall be payable, both principal and interest, in lawful money of the United States of America at the designated corporate trust office of the Note Registrar. The Note Registrar shall make all interest payments with respect to the Notes on each interest payment date directly to the registered owners as shown on the Note registration records maintained by the Note Registrar 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 such payment in the United States mail, postage prepaid, addressed to such owners at such owners' addresses shown on said Note registration records, without, except for final payment, the presentation or surrender of such registered Notes, and all such payments shall discharge the obligations of the Issuer in respect of such Notes to the extent of the payments so made. Payment of principal of and premium, if any, on the Notes shall be made upon presentation and surrender of such Notes to the Note Registrar as the same shall become due and payable. In the event the Notes 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 Notes, payment of interest on such Notes 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 Note Registrar and written notice of any such election and designated account is given to the Note Registrar prior to the record date.

The Notes are transferable only by presentation to the Note Registrar by the registered owner, or his legal representative duly authorized in writing, of the registered Note(s) to be transferred with the form of assignment on the reverse side thereof (or attached thereto) completed in full and signed with the name of the registered owner as it appears upon the face of the Note(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Note(s) in such form and with such documentation, if any, the Note Registrar shall issue a new Note or Notes to the assignee(s) in such authorized denominations, as requested by the registered owner requesting transfer. No charge shall be made to any registered owner for the privilege of transferring any Note, provided that any transfer tax relating to such transaction shall be paid by the owner requesting transfer. The person in whose name any Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Issuer nor the Note Registrar shall be affected by any notice to the contrary, including, but not limited to, any previous transfer request not accompanied by acceptable documentation.

The Notes shall be signed by the Mayor with his manual or facsimile signature, shall be attested by the City Recorder by his or her manual or facsimile signature, and shall have imprinted or impressed thereon the official seal of the Issuer (or a facsimile thereof).

The Note Registrar is hereby authorized to authenticate and deliver the Notes from time to time to the original purchasers thereof or as it or they may designate upon receipt by the Issuer of the proceeds of the sale thereof, together with any necessary documentation, and to authenticate and deliver Notes in exchange for Notes of the same principal amount delivered for transfer upon receipt of the Note(s) to be transferred in proper form with proper documentation as hereinabove described. The Notes shall not be valid for any purpose unless authenticated by the Note Registrar by the manual signature of an officer thereof on the certificate set forth herein on the Note form.

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

Any interest on any Note 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 Issuer to the persons in whose names the Notes 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 Issuer shall notify the Note Registrar in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment, and at the same time the Issuer shall deposit with the Note Registrar 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 Note Registrar 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 Note Registrar of the notice of the proposed payment, the Note Registrar 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 Note Registrar shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, 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 therefore to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Note registration records maintained by the Note Registrar as of the date of such notice. Nothing contained in this Section or in the Notes 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 Issuer to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Notes when due.

The Note Registrar shall not be required to transfer or exchange any Note during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Note, nor to transfer or exchange any Note after the publication of notice calling such Note for redemption has been made, nor to transfer or exchange any Note during the period following the receipt of instructions from the Issuer to call such Note for redemption; provided, the Note Registrar, 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 Note, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Issuer nor the Note Registrar shall be affected by any notice to the contrary whether or not any payments due on the Notes shall be overdue. The Notes, upon surrender to the Note Registrar, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of the Notes of the same maturity in any authorized denomination or denominations.

Except as otherwise provided in this resolution, the Notes shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Notes. References in this Section to a Note or the Notes shall be construed to mean the

Note or the Notes that are held under the Book-Entry System. One Note for each maturity shall be issued to DTC and immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Notes 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 Notes. Beneficial ownership interests in the Notes 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 Notes 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 Notes. Transfers of ownership interests in the Notes 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 NOTES, THE NOTE REGISTRAR SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE NOTES FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE NOTES, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE NOTE REGISTRAR 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 Notes, so long as DTC is the only owner of the Notes, shall be paid by the Note Registrar directly to DTC or its nominee, Cede & Co. as provided in the Letter of Representation relating to the Notes from the Issuer and the Note Registrar 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 Issuer and the Note Registrar 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 Notes or (2) the Issuer determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Notes would adversely affect their interests or

the interests of the Beneficial Owners of the Notes, the Issuer shall discontinue the Book-Entry System with DTC. If the Issuer fails to identify another qualified securities depository to replace DTC, the Issuer shall cause the Note Registrar to authenticate and deliver replacement Notes in the form of fully registered Notes to each Beneficial Owner.

THE ISSUER AND THE NOTE REGISTRAR SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE NOTES; (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 NOTES; (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 NOTES; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

The Note Registrar is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Notes for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Notes, utilization of electronic book entry data received from DTC in place of actual delivery of Notes and provision of notices with respect to Notes registered by DTC (or any of its designees identified to the Note Registrar) 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 Notes, provided, however, that the Note Registrar shall not be liable with respect to any such arrangements it may make pursuant to this section.

SECTION 11. The Notes shall be in substantially the following form:

(Form of Note)

REGISTERED

REGISTERED

Number _____

\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE

COUNTY OF DYER

CITY OF DYERSBURG
GENERAL OBLIGATION CAPITAL OUTLAY NOTES, SERIES 2006

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

Registered Owner:

Principal Amount:

KNOW ALL MEN BY THESE PRESENTS: That City of Dyersburg in the State of Tennessee (the "Issuer"), for value received hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth (or upon earlier redemption as set forth herein), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on _____, and semi-annually thereafter on the first day of June and December in each year beginning _____ until this Note 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 corporate trust office of _____, _____, _____, as note registrar and paying agent (the "Note Registrar"). The Note Registrar shall make all interest payments with respect to this Note on each interest payment date directly to the registered owner hereof shown on the Note registration records maintained by the Note Registrar 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 note registration records, without, except for final payment, the presentation or surrender of this Note, and all such payments shall discharge the obligations of the Issuer 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 Note 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 Note Registrar, notice of which shall be given to the owners of the Notes of the issue of which this Note is one not less than ten (10) days prior to such Special Record Date. Payment of principal of [and premium, if any,] on this

Note shall be made when due upon presentation and surrender of this Note to the Note Registrar.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Note 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 Notes of the series of which this Note is one. One Note for each maturity of the Notes shall be issued to DTC and immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Notes 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 Notes, the Issuer and the Note Registrar shall treat Cede & Co., as the only owner of the Notes for all purposes under the Resolution, including receipt of all principal, premium, if any, and interest on the Notes, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal, maturity amounts, interest, and redemption premium, if any, with respect to the Notes, so long as DTC is the only owner of the Notes, 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 Issuer nor the Note Registrar 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 Notes or (2) the Issuer determines that the continuation of the book-entry system of evidence and transfer of ownership of the Notes would adversely affect its interests or the interests of the Beneficial Owners of the Notes, the Issuer may discontinue the book-entry system with DTC. If the Issuer fails to identify another qualified securities depository to replace DTC, the Issuer shall cause the Note Registrar to authenticate and deliver replacement Notes in the form of fully registered Notes to each Beneficial Owner. Neither the Issuer nor the Note Registrar shall have any responsibility or obligations to any DTC Participant or any Beneficial Owner with respect to (i) the Notes; (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 Notes; (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 Notes; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

If no Term Notes are issued, the following provision shall be included:

[Notes of the issue of which this Note is one maturing June 1, 2010 through June 1, 2014 shall mature without option of prior redemption.] Notes of the issue of which this Note is one maturing June 1, 2015 and thereafter shall be subject to redemption at the option of the Issuer, in whole or in part on June 1, 2014 and at any time thereafter at a price of par plus interest accrued to the redemption date.

If Term Notes are issued, the following provisions shall be included:

[The Issuer shall redeem Notes maturing June 1, _____ 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 Notes of which this Note is one, or such Person as shall then be serving as the securities depository for the Notes, shall determine the interest of each Participant in the Notes 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 Notes, the Notes to be redeemed within a maturity shall be selected by the Note Registrar by lot or such other random manner as the Note Registrar in its discretion shall select. The dates of redemption and principal amount of Notes to be redeemed on said dates are as follows:

<u>Stated Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Notes 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 Issuer may (i) deliver to the Note Registrar for cancellation Notes 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 Notes 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 Note Registrar and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Note so delivered or previously purchased or redeemed shall be credited by the Note Registrar at 100% of the principal amount thereof on the obligation of the Issuer on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Notes to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Issuer shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Note Registrar 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 shall be given by the Note Registrar 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 Notes to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Note registration records of the Note Registrar 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 Notes for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Notes, all redemption notices shall be mailed by the Note Registrar to DTC, or such successor Depository, as the registered owner of the Notes, as and when above provided, and neither the Issuer nor the Note Registrar 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 Notes called for redemption shall cease to bear interest if funds are available at the office of the Note Registrar for the payment thereof and if notice has been duly provided as set forth in the Resolution, as hereafter defined.]

This Note is transferable by the registered owner hereof in person or by such owner's legal representative duly authorized in writing at the designated corporate trust office of the Note Registrar 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 Note. Upon such transfer a

new Note or Notes of authorized denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefore. The person in whose name this Note is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Issuer nor the Note Registrar shall be affected by any notice to the contrary whether or not any payments due on the Note shall be overdue. Notes, upon surrender to the Note Registrar, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Notes of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Note Registrar shall not be required to transfer or exchange any Note during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Note, nor to transfer or exchange any Note after the notice calling such Note for redemption has been made, nor during a period following the receipt of instructions from the Issuer to call such Note for redemption.

This note is one of a series of notes, all of like date, tenor and effect, except as to number, rate of interest and date of maturity, in an aggregate principal amount of \$2,750,000 issued for the purpose of providing funds to finance (i) the acquisition of fire trucks and other equipment, (ii) the acquisition, construction, renovation and/or equipping of buildings or facilities for city use, (iii) the payment of legal, fiscal, administrative, architectural and engineering costs incident to the foregoing, and (iv) the retirement of obligations previously issued for such purposes, and is issued under and pursuant to and in full compliance with the Constitution and statutes of the State of Tennessee, including Tennessee Code Annotated, Sections 9-21-101 *et seq.*, inclusive, and pursuant to a Resolution duly adopted by the Board of Mayor and Aldermen of the City of Dyersburg, Tennessee, on September 18, 2006. It is hereby certified, recited and declared that all acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Note, in order to make the same a legal, valid and binding obligation of the City of Dyersburg, Tennessee, have happened, do exist and have been performed in regular and due time, form and manner as required by law; that due provision has been made for the levy and collection of a direct annual tax, as may be found necessary each year, upon all taxable property within the City of Dyersburg, Tennessee, sufficient to pay the principal hereof and interest hereon as the same become due and payable; that for the prompt payment of principal and interest on this Note, the full faith and credit of the Issuer are

hereby irrevocably pledged and that this Note and the issue of which it forms a part, together with all other indebtedness of the City of Dyersburg, Tennessee, do not exceed any applicable Constitutional or statutory debt limit.

This Note and the income here from are exempt from all state, county, and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes and except Tennessee franchise, excise and corporate privilege taxes applicable to certain holders.

[This Note is a "qualified tax-exempt obligation" designated by the Issuer for purposes of Section 265(b) (3) (B) of the Internal Revenue Code of 1986, as amended.]

IN WITNESS WHEREOF, the City of Dyersburg, Tennessee, through its Board of Mayor and Aldermen, has caused this Note to be signed by its Mayor by his manual or facsimile signature and countersigned by the manual or facsimile signature of its City Recorder under the impressed or imprinted seal (or a facsimile thereof) of the Issuer all as of the ____ day of _____, 2006.

COUNTERSIGNED:

CITY OF DYERSBURG, TENNESSEE

(SEAL)

City Recorder

Mayor

Transferable and payable at the corporate trust office of

Date of Registration: _____

This Note is one of the issue of Notes issued pursuant to the Resolution hereinabove described.

_____,as
Note Registrar

By: _____
Authorized Officer
(Form of Assignment)

For value received, the undersigned hereby sells, assigns and transfers unto _____ whose address is _____

[_____ (please insert social security number or tax identification number)], the within mentioned Note and hereby irrevocably constitutes and appoints

_____, or its successor as Note Registrar, to transfer the same on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Registered Owner

Signature Guaranteed:

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

Notice: Signature(s) must be guaranteed by a member firm of a Medallion Program acceptable to the Note Registrar.

SECTION 12. When the Notes hereby authorized are issued, the same shall be the absolute and general obligations of the City of Dyersburg, Tennessee, to the payment of which the full faith, credit and resources of the City of Dyersburg, Tennessee, are hereby irrevocably pledged, and in order to provide for the payment of the Notes and the interest thereon, there shall be and there is hereby directed to be levied and collected, at the same time and in the same manner as other taxes of the City of Dyersburg, Tennessee, are levied and collected, a direct, continuing annual tax upon all taxable property within the boundaries of the City of Dyersburg, Tennessee, in such amount as may be found necessary each year to provide for the payment of the principal of the Notes and the interest thereon, as the same mature and become due.

It shall be the duty of the tax-levying and collecting authorities of the City of Dyersburg, Tennessee, in each year while any of the Notes issued hereunder shall remain outstanding and unpaid, without any further direction or authority to levy and collect the taxes herein provided for, and the rate of taxation to be levied in each year shall be sufficient, after making allowance for delinquencies in the payment of taxes and the cost of collection, to provide the sums required in each year for the payment of the principal and the interest on the Notes. Should there be a failure in any year to comply with the requirements of this Section, such failure shall not impair the right of the holders of any of the Notes in any subsequent year to have adequate taxes levied and collected to meet the obligations of the Notes herein authorized to be issued, both as to principal and interest. Principal and interest falling due at any time when there are insufficient funds on hand shall be paid from the current funds of the Issuer and reimbursement therefore 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 direct appropriations from the general funds of the Issuer to the payment of debt service on the Notes.

SECTION 13. Remedies of Noteholders. Except as herein expressly limited, the registered owners of the Notes shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Tennessee and of the United States of America for the enforcement of payment of such Notes and the interest thereon and of the pledge of the revenues made hereunder and of the covenants of the Issuer hereunder, including all the benefits and rights granted by Sections 9-21-101 et seq. of the Tennessee Code Annotated.

SECTION 14. From the proceeds of the sale of the Notes, any accrued interest shall be deposited to the Note Fund of the Issuer and used to pay interest on the Notes on the first interest payment date following delivery of the Notes.

From the remaining proceeds, all costs of issuance and sale of the Notes, including necessary legal, accounting, fiscal, printing, engraving, advertising and similar expenses and Note Registrar fees' shall be paid or provided for.

The balance of the proceeds from the sale of the Notes shall be deposited with the City Treasurer and shall be kept separate and apart from all other funds of the Issuer in a special fund hereby designated as the "City of Dyersburg, Tennessee, 2006 Capital Projects Fund," which shall be applied exclusively to pay costs of the Project, to refund, call or make principal and interest payments on obligations of the Issuer previously issued for such purposes and to pay any unpaid expenses in the issuance and sale of the Notes, including but not limited to necessary legal, accounting, engineering and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs and Note Registrar fees; and it shall be used for no other purposes. Any Note funds not put to immediate use shall be deposited at interest by the City Treasurer until needed. The interest arising there from shall be used only towards retiring the Notes or may be added to Note proceeds and used for the same purposes. Money in such Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in such Fund. Any funds remaining in such Fund after completion of the Project and payment of authorized expenses shall be used to pay principal of and interest on the Notes or may be used by the Mayor, on approval of the City Treasurer, to purchase Notes at not more than par value.

SECTION 15. The Issuer recognizes that the purchasers and holders of the Notes will have accepted them on, and paid therefore a price that reflects, the understanding that interest thereon is exempt from federal income taxation under laws in force on the date of delivery of the Notes. In this connection, the Issuer agrees that it shall take no action which may render the interest on any of said Notes subject to federal income taxation and agrees to take all action as may be necessary to comply with the provisions of the Code and regulations thereunder in order to maintain or assure the tax exempt status of the Notes. It is the reasonable expectation of the Governing Body of the Issuer that the proceeds of the Notes will not be used in a manner which will cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Code, including any lawful regulations promulgated or proposed thereunder (or under corresponding provisions of prior law, if applicable), and to this end the said proceeds of the Notes and other related funds established for the purposes herein set out, shall be used and spent expeditiously for the purposes described herein. The Mayor, City Recorder and City Treasurer or either of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Notes as they shall deem appropriate, and such certifications shall constitute representations and certifications of the Issuer.

SECTION 16. To the extent it may do so, the Issuer hereby designates the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b) (3) (B) of the Code and covenants that the Notes do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 aggregate principal of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income taxes (excluding, however, private activity bonds as defined in Section 141 of the Code, other than qualified 501(c) (3) Bonds as defined in Section 145 of the Code and further excluding bonds issued to refund, other than to advance refund, other bonds to the extent the amount of the refunding bonds do not exceed the outstanding amount of the refunded bonds), including the Notes, have been or are reasonably expected to be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2006, or in any subsequent year in which any emission of the Notes may be issued.

SECTION 17. If the Issuer shall pay and discharge the indebtedness evidenced by any of the Notes 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 Note Registrar, the principal of and interest on such Notes as and when the same become due and payable;

(b) By depositing or causing to be deposited with any trust company or bank whose deposits are insured by the Federal Deposit Insurance Corporation and which has trust powers ("an Agent which Agent may be the Note Registrar), in trust, on or before the date of maturity or redemption, sufficient money or Obligations of the United States of America, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Notes and to pay premium, if any, and interest thereon when due until the maturity or redemption date (provided, if such Notes 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) and if the Issuer shall, also pay or cause to be paid all other sums payable hereunder by the Issuer with respect to such Notes, or make adequate provision therefore, and by resolution of the Governing Body instruct any such Agent to pay amounts when and as required to the Note Registrar for the payment of principal of and interest and redemption premiums, if any, on such Notes when due; or

(c) By delivering such Notes to the Note Registrar, for cancellation by it; then and in that case the indebtedness evidenced by such Notes shall be discharged and satisfied and all covenants, agreements and obligations of the Issuer to the owners of such cease, terminate and become void.

If the Issuer shall pay and discharge the indebtedness evidenced by any of the Notes 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 Obligations of the United States of America deposited as aforesaid.

Except as otherwise provided in this Section 17, neither the Obligations of the United States of America nor moneys deposited with the Note Registrar pursuant to this Section nor principal or interest payments on any such Obligations of the United States of America shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and premium, if any, and interest on said Notes; provided, that any cash received from such principal or interest payments on such Obligations of the United States of America deposited with the Note Registrar, (A) to the extent such cash will be required for such purpose at a later date, shall, to the extent

practicable, be reinvested in Obligations of the United States of America maturing at times and in amounts sufficient to pay when due the principal and premiums, if any, and interest to become due on said Notes 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 Issuer, as received by the Note Registrar.

SECTION 18. Continuing Disclosure. The Issuer hereby covenants and agrees that it will provide annual financial information and material event notices if and as required by Rule 15c2-12 of the Securities Exchange Commission for the Notes. The Mayor is authorized to execute a continuing disclosure agreement for the benefit of and enforceable by the owners of the Notes specifying the details of the financial information and material event notices to be provided and the Issuer's obligations relating thereto. Failure of the Issuer to comply with the undertaking herein described and to be detailed in such continuing disclosure agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Notes to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the Issuer to comply with its undertaking as set forth herein and in such continuing disclosure agreement, including the remedies of mandamus and specific performance.

SECTION 19. The provisions of this Resolution shall constitute a contract between the Issuer and the registered owners of the Notes, and after the issuance of the Notes, 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 Notes and interest due thereon shall have been paid in full except such changes as shall be required to assure the validity and/or tax exempt status of the Notes.

SECTION 20. If any section, paragraph, clause or provision of this Resolution shall be held to be invalid or ineffective for any reason, the remainder of this Resolution shall remain in full force and effect, it being expressly hereby found and declared that the remainder of the Resolution would have been adopted by this Governing Body despite the invalidity of such section, paragraph, clause or provision.

SECTION 21. All orders or resolutions in conflict herewith be and the same are hereby repealed insofar as such conflict exists.

SECTION 22. This resolution shall take effect from and after its approval, the general welfare of the City of Dyersburg requiring it.

Passed and approved September 18, 2006.

(SEAL)

Mayor

ATTEST:

City Recorder

SANITATION COMMITTEE REPORT

Chairman Freeman Dudley reported on the meeting of August 23, 2006. The Committee took action and approved the construction bid of Pickett Industries of Bossier City, LA for the construction of a 9 acre landfill cell as part of Phase II.

On a motion by Dudley and Dean the Board authorized a study of the entire process of solid waste collection and disposal to determine ways to reduce costs.

MISC.

Mayor Revell announced that Police Chief Ledbetter had been appointed to the West Tennessee Meth Taskforce by the U.S. Attorney General. Judge Lee Moore appointed Chief Ledbetter to the Dyer-Lake County Drug Court.

Alderman Dean reported on the 2006 Tennessee Airport Conference. He commended everyone for helping win the Front Door Award.

Alderman Lee requested an evaluation of utility delinquency turn-on fees.

Alderman Moody inquired about progress in getting traffic signals at Parr Avenue at Mall Boulevard and at Parr Avenue at Tickle Street.

Alderman Norman was informed that the Powers-Hill annexation area study should be ready in approximately three weeks.

The meeting adjourned at 7:51 p.m.

Bill Revell, Mayor

Gleyn Twilla, City Recorder