PUBLIC NOTICE

CALL FOR A SPECIAL CALLED MEETING OF THE BLOUNT COUNTY BOARD OF COMMISSIONERS TO BE HELD IN ROOM 430 AT THE BLOUNT COUNTY COURTHOUSE, COURT STREET, MARYVILLE, TENNESSEE, ON MONDAY, SEPTEMBER 19, 2016, AT 5:00 P.M.

I, Mayor Ed Mitchell, pursuant to and in accordance with the authority vested in me by Tennessee Code Annotated § 5-5-105, hereby call the Board of County Commissioners of Blount County, Tennessee, for a called meeting on the 19th day of September, 2016, 5:00 P.M. for the following:

A. For Approval of a Resolution authorizing the issuance of general obligation refunding bonds of Blount County, Tennessee in the aggregate principal amount of not to exceed $160,000,000, in two or more series; making provision for the issuance, sale and payment of said bonds, establishing the terms thereof and the disposition of proceeds therefrom; providing for the levy of taxes for the payment of principal of, premium, if any, and interest on the bonds; and authorizing the termination of certain interest rate swap agreements relating to outstanding bonds of the County.

SEPTEMBER 9, 2016

APPROVED: ATTEST:

Jerome Moon
Commission Chairman

Gaye Hasty
County Clerk

Ed Mitchell
County Mayor

Resolution No. 16-09-007

Sponsored by: Commissioners Jerome Moon/Mike Caylor

A RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS OF BLOUNT COUNTY, TENNESSEE IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $160,000,000, IN TWO OR MORE SERIES; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BONDS, ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; PROVIDING FOR THE LEVY OF TAXES FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS; AND AUTHORIZING THE TERMINATION OF CERTAIN INTEREST RATE SWAP AGREEMENTS RELATING TO OUTSTANDING BONDS OF THE COUNTY

WHEREAS, 9-21-101, et seq., inclusive, Tennessee Code Annotated, as amended, authorizes Blount County, Tennessee (the "County"), by resolution of the County Commission, to issue and sell bonds to refund its outstanding indebtedness and to finance termination fees in connection with the termination of interest rate swap agreements related to the refunded outstanding indebtedness; and

WHEREAS, the County has previously issued and has outstanding its General Obligation Refunding Bonds, Series 2004A, dated September 1, 2004, maturing March 1, 2017 through March 1, 2019 (the "Series 2004A Bonds"); General Obligations Refunding Bonds, Series 2004B, dated October 1, 2004, maturing April 1, 2017 through April 1, 2019 (the "Series 2004B Bonds"); General Obligation Refunding Bonds, Series 2005, dated January 27, 2005, maturing April 1, 2017 through April 1, 2019 (the "Series 2005 Bonds"); that portion of the County's obligations under that certain Loan Agreement Taxable (Series B-10-A), dated June 29, 2006, by and among The Public Building Authority of Blount County, Tennessee (the "Authority"), the County, the City of Alcoa, Tennessee ("Alcoa") and the City of Maryville, Tennessee ("Maryville"), which loan agreement was funded with proceeds of the Authority's Local Government Public Improvement Bonds, Taxable Series B-10-A (City of Alcoa, Tennessee/City of Maryville, Tennessee/Blount County, Tennessee), with payments due on May 25, 2017 through May 25, 2021 (the "Series B-10-A Loan Agreement"); that certain Loan Agreement (Series B-16-A), dated May 15, 2008, by and between the Authority and the County, which loan agreement was funded with proceeds of the Authority's Local Government Public Improvement Bonds, Series B-16-A (Blount County), with payments due May 25, 2024 through May 25, 2027 and May 25, 2037 (the "Series B-16-A Loan Agreement"); that portion of the County's obligations under that certain Loan Agreement (Series B-17-A), dated June 1, 2008, by and among the Authority, the County, Alcoa and Maryville, which loan agreement was funded with proceeds of the Authority's Local Government Public Improvement Bonds, Series B-17-A (City of Alcoa, Tennessee/City of Maryville, Tennessee/Blount County, Tennessee), with payments due June 1, 2023 and June 1, 2030 (the "Series B-17-A Loan Agreement"); General Obligation Refunding Bonds, Series 2011, dated May 5, 2011, maturing June 1, 2022 through June 1, 2030 (the "Series 2011 Bonds"); and General Obligation Refunding Bonds, Series 2013B, dated December 9, 2013, maturing June 1, 2037 (the "Series 2013B Bonds" and, together with the Series 2004A Bonds, Series 2004B Bonds, Series 2005 Bonds, Series B-10-A Loan Agreement, Series B-16-A Loan Agreement, Series B-17-A Loan Agreement and Series 2011 Bonds, the "Outstanding Indebtedness"); and

WHEREAS, the Outstanding Indebtedness can now be refunded for the purposes of achieving debt service savings and eliminating variable interest rate exposure of the County; and

WHEREAS, the County currently has outstanding certain interest rate swap agreements (the "Swap Agreements" as more fully described herein) that serve as interest rate hedges for its Series 2013B Bonds; and

WHEREAS, the counterparty to the Swap Agreements, Deutsche Bank AG, New York Branch (the "Swap Counterparty"), was recently downgraded to Baa2, triggering a termination event under the Swap Agreements that permits the County to terminate the Swap Agreements at a reduced termination fee (the "Termination Fee"); and

WHEREAS, the Swap Agreements can be terminated to eliminate the risk associated with the Swap Counterparty; and

WHEREAS, the County Commission hereby determines that it is advisable to issue federally taxable and federally tax-exempt general obligation bonds, in two or more series, for the purpose of refunding all or a portion of the Outstanding Indebtedness and for the purpose of financing a portion of the Termination Fee; and

WHEREAS, a plan of refunding for the Outstanding Indebtedness has been filed with the Director of State and Local Finance (the "State Director") as required by Section 9-21-903, Tennessee Code Annotated, as amended, and the State Director has submitted to the County a report thereon (the "Refunding Report"), a copy of which has been made available to the members of the County Commission; and

WHEREAS, a request for approval of balloon indebtedness in connection with bonds authorized herein was submitted to the State Director, pursuant to Public Chapter 766, Acts of 2014 of the Tennessee General Assembly, and the State Director has submitted to the County her approval thereon (the "Balloon Debt Approval"); and

WHEREAS, the County has submitted to the State Director a notice of its intention to terminate the Swap Agreements, as required by those certain Guidelines for Interest Rate and Forward Purchase Agreements, effective August 1, 2002, and the State Director has acknowledged receipt thereof; and

WHEREAS, it is the intention of the County Commission of the County to adopt this resolution for the purpose of authorizing not to exceed $160,000,000 in aggregate principal amount of federally taxable and federally tax-exempt bonds for the above-described purposes, providing for the issuance, sale and payment of said bonds, establishing the terms thereof, and the disposition of proceeds therefrom, and providing for the levy of a tax for the payment of principal thereof, premium, if any, and interest thereon; and for the purpose of authorizing the termination of certain outstanding interest rate swap agreements of the County.

NOW, THEREFORE, BE IT RESOLVED by the County Commission of Blount County, Tennessee, as follows:

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

Section 2. Definitions. In addition to the terms defined in the preamble above, the following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise:

(a) "Authority" means The Public Building Authority of Blount County, Tennessee.

(b) "Bond Purchase Agreement" means a Bond Purchase Agreement, dated as of the date of the sale of the Bonds, between the County and the Underwriter, in substantially the form attached hereto as Exhibit A, subject to such changes as permitted by Section 8 hereof, as approved by the County Mayor, consistent with the terms of this resolution.

(c) "Bonds" means, collectively, the Federally Taxable Bonds and the Federally Tax-Exempt Bonds.

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

(e) "Code" means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

(f) "County Mayor" shall mean the County Mayor of the County.

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

(h) "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.

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

(j) "Federally Taxable Bonds" means not to exceed $11,000,000 in aggregate principal amount of General Obligation Refunding Bonds, Series 2016A (Federally Taxable) of the County, to be dated their date of delivery, or such other series designation and dated date as the County Mayor shall determine pursuant to Section 8 hereof.

(k) "Federally Tax-Exempt Bonds" means not to exceed $149,000,000 in aggregate principal amount of General Obligation Refunding Bonds, Series 2016B of the County, to be dated their date of delivery, or such other series designation and dated date as the County Mayor shall determine pursuant to Section 8 hereof.

(l) "Financial Advisor" means PFM Financial Advisors LLC, Memphis, Tennessee.

(m) "Governing Body" means the County Commission.

(n) "Outstanding Indebtedness" means, collectively, the Series 2004A Bonds, Series 2004B Bonds, Series 2005 Bonds, Series B-10-A Loan Agreement, Series B-16-A Loan Agreement, Series B-17-A Loan Agreement, Series 2011 Bonds and Series 2013B Bonds.

(o) "Refunding Escrow Agent" means the financial institution designated by the County Mayor to serve in such capacity in connection with the refunding of the Refunded Bonds, or any successor designated by the Governing Body.

(p) "Refunding Escrow Agreement" means the Refunding Escrow Agreement, dated as of the date of the Bonds, between the County and the Refunding Escrow Agent, in substantially the form of the document attached hereto as Exhibit B, subject to such changes thereto as shall be permitted by the terms of this resolution.

(q) "Refunded Indebtedness" means the maturities or portions of the maturities of the Outstanding Indebtedness designated for refunding by the County Mayor pursuant to the terms hereof.

(r) "Registration Agent" means the registration and paying agent appointed by the County Mayor pursuant to the terms hereof, or any successor designated by the Governing Body.

(s) "Series 2004A Bonds" means the County's General Obligation Refunding Bonds, Series 2004A, dated September 1, 2004, maturing March 1, 2017 through March 1, 2019.

(t) "Series 2004B Bonds" means the County's General Obligations Refunding Bonds, Series 2004B, dated October 1, 2004, maturing April 1, 2017 through April 1, 2019.

(u) "Series 2005 Bonds" means the County's General Obligation Refunding Bonds, Series 2005, dated January 27, 2005, maturing April 1, 2017 through April 1, 2019.

(v) "Series 2011 Bonds" means the County's General Obligation Refunding Bonds, Series 2011, dated May 5, 2011, maturing June 1, 2022 through June 1, 2030.

(w) "Series 2013B Bonds" means the County's General Obligation Refunding Bonds, Series 2013B, dated December 9, 2013, maturing June 1, 2037.

(x) "Series B-10-A Loan Agreement" means that portion of the County's obligations under that certain Loan Agreement Taxable (Series B-10-A), dated June 29, 2006, by and among the Authority, the County, the City of Alcoa, Tennessee and the City of Maryville, Tennessee, funded with proceeds of the Authority's Local Government Public Improvement Bonds, Taxable Series B-10-A (City of Alcoa, Tennessee/City of Maryville, Tennessee/Blount County, Tennessee), with payments due on May 25, 2017 through May 25, 2021.

(y) "Series B-16-A Loan Agreement" means that certain Loan Agreement (Series B-16-A), dated May 15, 2008, by and between the Authority and the County, funded with proceeds of the Authority's Local Government Public Improvement Bonds, Series B-16-A (Blount County), with payments due May 25, 2024 through May 25, 2027 and May 25, 2037.

(z) "Series B-17-A Loan Agreement" means that portion of the County's obligations under that certain Loan Agreement (Series B-17-A), dated June 1, 2008, by and among the Authority, the County, the City of Alcoa, Tennessee and the City of Maryville, Tennessee, funded with proceeds of the Authority's Local Government Public Improvement Bonds, Series B-17-A (City of Alcoa, Tennessee/City of Maryville, Tennessee/Blount County, Tennessee), with payments due June 1, 2023 and June 1, 2030.

(aa) "Swap Agreements" means that certain interest rate swap agreement with DBAG Reference Number N1076733N and a termination date of June 1, 2030; that certain interest rate swap agreement with DBAG Reference Number N1076738N and a termination date of June 1, 2028; that certain interest rate swap agreement with DBAG Reference Number N1076769N and a termination date of June 1, 2027 and that certain interest rate swap agreement with DBAG Reference Number N1076765N and a termination date of June 1, 2023, all of which interest rate swap agreements currently serve as interest rate hedges for the Series 2013B Bonds.

(bb) "Swap Counterparty" means Deutsche Bank AG, New York Branch.

(cc) "Tax-Exempt Indebtedness" means the County's Series 2004A Bonds, Series 2004B Bonds, Series 2005 Bonds, Series B-16-A Loan Agreement, Series B-17-A Loan Agreement, Series 2011 Bonds and Series 2013B Bonds.

(dd) "Termination Fee" means the fee payable to the Swap Counterparty in connection with the termination of the Swap Agreements.

(ee) "Underwriter" means the original purchaser of the Bonds, as selected by the County Mayor.

Section 3. Findings of the Governing Body; Authorization to Terminate Interest Rate Swap Agreements.

(a) In conformance with the directive of the State Funding Board of the State of Tennessee, the County has heretofore adopted its Debt Management Policy. The Governing Body hereby finds that the issuance and sale of the Bonds and the termination of the Swap Agreements, as proposed herein, is consistent with the County's Debt Management Policy.

(b) The Governing Body acknowledges that, although the Outstanding Indebtedness can now be refunded for the purpose of achieving debt service savings, the issuance of the Bonds to also finance a portion of the Termination Fee is anticipated to result in an overall increase in debt service payable by the County. The Governing Body hereby finds that it is nonetheless advisable to authorize the Bonds in order to terminate the Swap Agreements and eliminate the risk associated with the Swap Counterparty.

(c) The estimated interest expense and costs of issuance of the Bonds as well as the fees associated with terminating the Swap Agreements have been made available to the Governing Body. The Refunding Report of the State Director has been presented to the members of the Governing Body in connection with their consideration of this resolution and is attached hereto as Exhibit C.

(d) The Governing Body hereby authorizes and directs the County Mayor to terminate the Swap Agreements and further authorizes all actions, and ratifies all actions heretofore taken, of County officials that are necessary or advisable to terminate the Swap Agreements.

Section 4. Authorization and Terms of the Bonds.

(a) For the purpose of refunding the Series B-10-A Loan Agreement, financing the Termination Fee and paying costs incident to the issuance and sale of such bonds, there is hereby authorized to be issued federally taxable general obligation bonds, in one or more series, of the County, in the aggregate principal amount of not to exceed $11,000,000 (the "Federally Taxable Bonds"). For the purpose of refunding the Tax-Exempt Indebtedness and paying costs incident to the issuance and sale of such bonds, there is hereby authorized to be issued federally tax-exempt general obligation bonds, in one or more series, of the County in the aggregate principal amount of not to exceed $149,000,000 (the "Federally Tax-Exempt Bonds"). The Bonds shall be issued as separate series, with each of the Bonds issued in one or more series, in fully registered, book-entry form (except as otherwise set forth herein), without coupons, and subject to the adjustments permitted hereunder. The Federally Taxable Bonds and

Federally Tax-Exempt Bonds shall be known as "General Obligation Refunding Bonds, 2016A (Federally Taxable)" and "General Obligation Refunding Bonds, Series 2016B", respectively, and each shall be dated their date of issuance, and shall have such series designation or such other dated date as shall be determined by the County Mayor pursuant to the terms hereof. The Bonds shall bear interest at a rate or rates not to exceed the maximum rate permitted by applicable Tennessee law at the time of issuance of the Bonds, or any series thereof, payable (subject to the adjustments permitted hereunder) semi-annually on June 1 and December 1 in each year, commencing June 1, 2017. The Bonds shall be issued initially in $5,000 denominations or integral multiples thereof, as shall be requested by the original purchaser thereof. Subject to the adjustments permitted pursuant to the terms hereof, the Bonds shall mature serially or be subject to mandatory redemption and shall be payable on June 1 of each year, subject to prior optional redemption as hereinafter provided, in the years 2017 through 2037, inclusive; provided, however, such amortization may be adjusted in accordance with the terms hereof.

(b) Subject to the adjustments permitted under Section 8 hereof, the Bonds shall be subject to redemption prior to maturity at the option of the County on June 1, 2026 and thereafter, as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date.

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

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

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

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

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

Notice of any call for redemption shall be given by the Registration Agent on behalf of the County not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the County pursuant to written instructions from an authorized representative of the County (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository, if applicable, or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

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

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

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

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

(h) The Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the County with the signature of the County Mayor and the attestation of the County Clerk.

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

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

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

In the event that (1) DTC determines not to continue to act as securities depository for the Bonds, or (2) the County determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, then the County shall discontinue the Book-Entry System with DTC or, upon request of such original purchaser, deliver the Bonds to the original purchaser in the form of fully-registered Bonds, as the case may be. If the County fails to identify another qualified securities depository to replace DTC, the County shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully-registered Bonds to each Beneficial Owner. If the purchaser(s) certifies that it intends to hold the Bonds for its own account, then the County may issue certificated Bonds without the utilization of DTC and the Book-Entry System.

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

(j) The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the owners of the Bonds; provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this Section.

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

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

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

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

(Form of Bond)

REGISTERED Number ____	REGISTERED $__________

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF BLOUNT
GENERAL OBLIGATION REFUNDING BOND, SERIES 2016[A][B] [(Federally Taxable)]

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

Registered Owner:

Principal Amount:

FOR VALUE RECEIVED, Blount County, Tennessee (the "County") hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth (or upon earlier redemption as set forth herein), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on June 1, 2017, and semi-annually thereafter on the first day of June and December in each year until this Bond matures or is redeemed. The principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the principal corporate trust office of _____________________, ____________, ______________, as registration and agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond on each interest payment date directly to the registered owner hereof shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at such owner's address shown on said Bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the County to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of [and premium, if any, on] this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New

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

[Bonds of the issue of which this Bond is one shall be subject to redemption prior to maturity at the option of the County on June 1, 2026 and thereafter, as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date.]

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

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

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

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

Final Maturity	Redemption Date	Principal Amount of Bonds Redeemed

*Final Maturity

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

Notice of any call for redemption shall be given by the Registration Agent not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and it notice has been duly provided as set forth in the Resolution, as hereafter defined. In the case of a Conditional Redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the [Depository or the] affected Bondholders that the redemption did not occur and that the Bond called for redemption and not so paid remain outstanding.

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

[This Bond is one of a total authorized issue aggregating $_________ and issued by the County to refund of the County's outstanding [list Refunded Indebtedness][, finance a portion of the termination fee in connection with the termination of certain outstanding interest rate swap agreements of the County] and pay issuance costs of the Bonds, pursuant to 9-21-101, et seq., Tennessee Code Annotated, as amended, and pursuant to a resolution adopted by the County Commission of the County on September 19, 2016 (the "Resolution").]

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

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

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

IN WITNESS WHEREOF, the County has caused this Bond to be signed by its County Mayor and attested by its County Clerk under the corporate seal of the County, all as of the date hereinabove set forth.

BLOUNT COUNTY, TENNESSEE

By:____
County Mayor

(SEAL)

ATTESTED:

____
County Clerk

Transferable and payable at the
principal corporate trust office of: ___________________________
_____________, _____________

Date of Registration: ___________________________

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

____
Registration Agent

By:____
Authorized Officer

(FORM OF ASSIGNMENT)

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

Dated:_____________________

____

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

Signature guaranteed:

____

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

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

Section 8. Sale of Bonds.

(a) The Bonds or any emission thereof shall be sold by negotiated sale to the Underwriter, at a price of not less than 98% of par, plus accrued interest, as shall be determined by the County Mayor, in consultation with the Financial Advisor. The County Mayor is authorized to execute a Bond Purchase Agreement with the Underwriter, detailing the terms of the sale. The Bond Purchase Agreement shall be in substantially in the form attached hereto as Exhibit A, together with such changes and may be approved by the County Mayor consistent with the terms hereof. The sale of the Bonds, or any emission thereof, to the Underwriter shall be binding on the County and no further action of the Governing Body with respect thereto shall be required.

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

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

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

(2) change the designation of the Bonds, or any series thereof, to a designation other than as described herein and to specify the series designation of the Bonds, or any series thereof;

(3) change the first interest payment date on the Bonds, or any series thereof, to a date other than June 1, 2017, provided that such date is not later than twelve months from the dated date of such series of Bonds;

(4) adjust the principal and interest payment dates and the maturity amounts of the Bonds, or any series thereof, provided that (A) the total principal amount of all series of the Bonds does not exceed the total amount of Bonds authorized herein; (B) the final maturity date of each series shall not exceed the final maturity described in Section 4 hereof and (C) the debt service schedule for the Bonds shall not be materially different than what was reported on by the State Director in the Refunding Report or what was approved by the State Director in the Balloon Debt Approval;

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

(6) refund less than all of the Outstanding Indebtedness;

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

(8) cause all or a portion of the Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company if such insurance is requested and paid for by the winning bidder of the Bonds, or any series thereof.

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

(d) The County Mayor is authorized to sell the Bonds, or any series thereof, simultaneously with any other bonds or notes authorized by resolution or resolutions of the Governing Body. The County Mayor is further authorized to sell each of the Bonds, or any series thereof, as part of an issue of other bonds of the County with substantially similar terms authorized by resolution or resolutions of the Governing Body, in one or more series as the County Mayor shall deem to be advantageous to the County and in doing so, the County Mayor is authorized to change the designation of the Bonds to a designation other than that described herein; provided, however, that the total aggregate principal amount of combined bonds to be sold does not exceed the total aggregate principal amount of each of the Bonds authorized by this resolution or bonds authorized by any other resolution or resolutions adopted by the Governing Body.

(e) The County Mayor and County Clerk are authorized to cause the Bonds, in book-entry form (except as otherwise permitted herein), to be authenticated and delivered by the Registration Agent to the Underwriter and to execute, publish, and deliver all certificates and documents, including an official statement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Bonds. The County Mayor is hereby authorized to enter into a contract with the Financial Advisor, for financial advisory services in connection with the sale of the Bonds and to enter into a contract with Bass, Berry & Sims PLC to serve as bond counsel in connection with the Bonds, and all actions heretofore taken by the officers of the County in that regard are hereby ratified and approved.

Section 9. Disposition of Bond Proceeds. The proceeds of the Federally Taxable Bonds shall be disbursed as follows: (a) an amount sufficient, together with such other County funds as may be identified by the County Mayor and, if applicable, investment earnings on the foregoing, to refund the Series B-10-A Loan Agreement shall be applied to the refunding thereof by depositing such funds with the Escrow Agent and/or paying such funds directly to the holders (or paying agents or trustees for the holders) of the Series B-10-A Loan Agreement; (b) an amount sufficient, together with such other County funds as may be identified by the County Mayor, to pay the Termination Fee will deposited with the Swap Counterparty in full payment thereof and (c) the remainder of the proceeds of the sale of the Federally Taxable Bonds shall be used to pay costs of issuance of the Federally Taxable Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Federally Taxable Bonds.

The proceeds of the sale of the Federally Tax-Exempt Bonds shall be disbursed as follows (a) an amount sufficient, together with such other County funds as may be identified by the County Mayor and, if applicable, investment earnings on the foregoing, to refund the Tax-Exempt Indebtedness shall be applied to the refunding thereof by depositing such funds with the Escrow Agent and/or paying such funds directly to the holders (or paying agents or trustees for the holders) of the Tax-Exempt Indebtedness and (b) the remainder of the proceeds of the sale of the Federally Tax-Exempt Bonds shall be used to pay costs of issuance of the Federally Tax-Exempt Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Federally Tax-Exempt Bonds.

Section 10. Official Statement. The officers of the County, or any of them, are hereby authorized and directed to provide for the preparation and distribution of a Preliminary Official Statement describing the Bonds. Upon the sale of the Bonds to the Underwriter by execution of the Bond Purchase Agreement, the officers of the County, or any of them, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The officers of the County, or any of them, shall arrange for the delivery to the Underwriter of a reasonable number of copies of the Official Statement within seven (7) business days after the Bonds have been sold for delivery by the Underwriter to each potential investor requesting a copy of the Official Statement and to each person to whom the Underwriter initially sells the Bonds.

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

Notwithstanding the foregoing, no Official Statement is required to be prepared if the Underwriter certifies that it intends to hold the Bonds, or any series thereof, for its own account and has no present intention to reoffer the Bonds, or any series thereof.

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

Section 12. Redemption and Prepayment of the Refunded Indebtedness. The County Mayor and the County Clerk, or either of them, are hereby authorized and directed to take all steps necessary to prepay or redeem the Refunded Indebtedness at their earliest possible prepayment or redemption date, including the giving of and publication of any prepayment or redemption notice as required by the resolutions authorizing the issuance of the Refunded Indebtedness.

Section 13. Discharge and Satisfaction of Bonds. If the County shall pay and discharge the indebtedness evidenced by any series of the Bonds in any one or more of the following ways, to wit:

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

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

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

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

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

Except as otherwise provided in this Section, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration

Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the County as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the County, as received by the Registration Agent. For the purposes of this Section, Defeasance Obligations shall direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee law for the purposes described in this Section, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

Section 14. Federal Tax Matters Related to the Federally Tax-Exempt Bonds.

(a) The Federally Tax-Exempt Bonds will be issued as federally tax-exempt bonds. The County hereby covenants that it will not use, or permit the use of, any proceeds of the Federally Tax-Exempt Bonds in a manner that would cause the Federally Tax-Exempt Bonds to be subjected to treatment under Section 148 of the Code, and applicable regulations thereunder, as an "arbitrage bond". To that end, the County shall comply with applicable regulations adopted under said Section 148 with respect to the Federally Tax-Exempt Bonds. The County further covenants with the registered owners from time to time of the Federally Tax-Exempt Bonds that it will, throughout the term of the Federally Tax-Exempt Bonds and through the date that the final rebate, if any, must be made to the United States in accordance with Section 148 of the Code, comply with the provisions of Sections 103 and 141 through 150 of the Code and all regulations proposed and promulgated thereunder that must be satisfied in order that interest on the Federally Tax-Exempt Bonds shall be and continue to be excluded from gross income for federal income tax purposes under Section 103 of the Code.

(b) The appropriate officers of the County are authorized and directed, on behalf of the County, to execute and deliver all such certificates and documents that may be required of the County in order to comply with the provisions of this Section related to the issuance of the Federally Tax-Exempt Bonds.

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

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

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

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

Duly adopted and approved on September 19, 2016.

____
County Mayor

Attested:

____
County Clerk

STATE OF TENNESSEE)

COUNTY OF BLOUNT)

I, Gaye Hasty, certify that I am the duly qualified and acting County Clerk of Blount County, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a meeting of the governing body of the County held on September 19, 2016; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to the County's General Obligation Refunding Bonds, Series 2016A (Federally Taxable) and General Obligation Refunding Bonds, Series 2016B.

WITNESS my official signature and seal of said County on ______________, 2016.

____
County Clerk

(SEAL)

EXHIBIT A

FORM OF BOND PURCHASE AGREEMENT

BLOUNT COUNTY, TENNESSEE

$________ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016A
(FEDERALLY TAXABLE)

$________ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016B

BOND PURCHASE AGREEMENT

________, 2016

Ladies and Gentlemen:

The undersigned, _________________ (the "Underwriter"), offers to enter into the following agreement with Blount County, Tennessee (the "Issuer"), which, upon the Issuer's acceptance and approval hereof, will be binding upon the Issuer and upon the Underwriter. This offer is made subject to acceptance by the Issuer, by execution of this Bond Purchase Agreement (the "Purchase Agreement") and its delivery to the Underwriter, on or before 11:59 p.m., C.D.T., on ________, 2016.

Capitalized terms used herein and not defined herein shall have the meanings given them in the Resolution (as hereinafter defined).

1. Purchase and Sale of the Bonds.

(a) Upon the basis of the representations, warranties, covenants and agreements herein contained, but subject to the terms and conditions herein set forth, the Underwriter hereby agrees to purchase from the Issuer for offering to the public, and the Issuer hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the Issuer's (i) $________ General Obligation Refunding Bonds, Series 2016A (Federally Taxable) (the "Series 2016A Bonds"), in book-entry only form, or otherwise, as provided herein, at the purchase price of $________, consisting of the face amount of the Series 2016A Bonds, less Underwriter's compensation of $________ and (ii) $________ General Obligation Refunding Bonds, Series 2016B, dated ________, 2016 (the "Series 2016B Bonds" and, together with the Series 2016A Bonds, the "Bonds"), in book-entry only form, or otherwise, as provided herein, at the purchase price of $________, consisting of the face amount of the Series 2016B Bonds, plus/less original issue premium/discount of $________, less Underwriter's compensation of $________. The Bonds shall bear interest, shall mature and shall otherwise be as described in Exhibit A attached hereto and incorporated herein by reference.

(b) The Bonds shall be issued and secured under the provisions of a resolution, adopted on September 19, 2016 (the "Resolution"), by the Board of County Commissioners (the "Board"), providing for the issuance of the Bonds pursuant to Sections 9-21-101 et seq., Tennessee Code Annotated, as amended, and other applicable provisions of law. The Series 2016A Bonds shall be issued for the purposes of (i) refunding the Issuer's outstanding [list the refunded debt], (ii) financing the termination fees associated with terminating the Issuer's [list interest rate swap agreements], and (iii) paying costs associated with the sale and issuance of the Series 2016A Bonds. The Series 2016B Bonds shall be issued for the purposes of (i) refunding the Issuer's outstanding [list refunded debt] and (ii) paying costs associated with the sale and issuance of the Series 2016B Bonds.

(c) After acceptance of this offer by the Issuer, the Underwriter agrees to make a bona fide public offering of all the Bonds at prices not in excess of the initial public offering prices (which may be expressed in terms of yield) set forth on the cover page of the Official Statement, dated the date hereof (the "Official Statement"). The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such initial public offering prices in the sole discretion of the Underwriter. Subsequent to such initial public offering, the Underwriter reserves the right to change the public offering prices as it may deem necessary in connection with the marketing of the Bonds.

(d) At the time of the Issuer's acceptance hereof (or as soon as reasonably practicable thereafter, but no later than the Closing (as hereinafter defined)), the Issuer shall have delivered, or caused to be delivered, to the Underwriter: (i) a certified copy of the Resolution; and (ii) a copy of the Official Statement, manually signed on behalf of the Issuer by the County Mayor and the County Clerk.

(e) The Issuer authorizes the Underwriter to use copies of the Official Statement and the information contained therein in connection with the public offering and sale of the Bonds and agrees not to supplement or amend, or cause to be supplemented or amended, the Official Statement, at any time prior to the Closing, without the consent of the Underwriter. The Issuer ratifies and confirms the use by the Underwriter, prior to the date hereof in connection with the public offering of the Bonds, of the Preliminary Official Statement of the Issuer relating to the Bonds, dated _________, 2016, which with any and all appendices, exhibits, maps, reports and summaries included therein is hereinafter called the "Preliminary Official Statement".

(f) As of its date, the Preliminary Official Statement has been "deemed final" (except for permitted omissions) by the Issuer for purposes of Rule 15c2-12(b)(1) of the Securities and Exchange Commission. The Issuer will deliver, or cause to be delivered, to the Underwriter, promptly after the acceptance hereof, but in any event within seven (7) days of the date hereof, copies of the Official Statement, sufficient to enable the Underwriter to comply with the requirements of Rule 15c2-12 of the Securities Exchange Commission (and the related rules of the Municipal Securities Rulemaking Board).

2. Liquidated Damages. If the Issuer accepts this offer and if the Underwriter fails (other than for a reason permitted hereunder) to accept and pay for the Bonds upon tender thereof by the Issuer at the Closing as herein provided, the parties hereby agree that the damages to the Issuer shall be fixed at one percent (1%) of the aggregate principal amount of the Bonds and, upon such failure of the Underwriter to accept and pay for the Bonds, the Underwriter shall be obligated to pay to the Issuer such amount as and for full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriter. Upon such payment the Underwriter shall be fully released and discharged of all claims, rights and damages for such failure and for any and all such defaults.

3. Closing. At 10:30 a.m., C.D.T., on ______, 2016, or at such other time or date as shall be agreed to by the Issuer and the Underwriter, the Issuer will deliver, or cause to be delivered, to the Underwriter, or such agent as it shall designate, the Bonds, in definitive form, duly executed on the Issuer's behalf, together with the other documents hereinafter mentioned, and the Underwriter will accept, or cause to be accepted, such delivery and pay to the Issuer the purchase price of the Bonds in the amount set forth in Section 1 hereof by wire transfer payable in immediately available funds or such other medium of payment as shall be acceptable to the Issuer. Payment for the Bonds as aforesaid shall be made at such place designated by the Issuer and delivery of the Bonds shall be made through The Depository Trust Company, New York, New York, or at such other location mutually acceptable to the parties. Such payment and delivery is herein called the "Closing", and the date of the Closing is herein called the "Closing Date." The Bonds shall be delivered as fully registered bonds, book-entry only form, in

denominations of $5,000 each or any integral multiple thereof as the Underwriter shall request, shall bear CUSIP numbers, shall be registered in such names and in such denominations as shall be designated in writing by the Underwriter to the Issuer or to ____________, ____________, ____________, as the registration and paying agent for the Bonds (the "Registration Agent"), and shall be duly authenticated by the Registration Agent. The Purchaser hereby instructs that the Bonds be delivered at Closing through The Depository Trust Company's "FAST Program".

4. Conditions of Closing. The obligations of the Underwriter hereunder shall be subject to the performance by the Issuer of its obligations to be performed hereunder at or prior to the Closing, to the accuracy of and compliance with the representations, warranties and covenants of the Issuer herein, in each case as of the time of delivery of this Purchase Agreement and as of the Closing, and, in the discretion of the Underwriter, to the following:

(a) at the Closing, (i) the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and the Issuer shall have executed and there shall be in full force and effect such additional agreements, and there shall have been taken in connection therewith and in connection with the issuance of the Bonds all such action as shall, in the opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel ("Bond Counsel"), be necessary in connection with the transactions contemplated hereby, (ii) the Bonds shall have been duly authorized, executed and delivered as provided herein, (iii) the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter and (iv) the Issuer shall perform or have performed all of its obligations under or specified in this Purchase Agreement to be performed at or prior to the Closing;

(b) At or prior to the Closing Date, the Underwriter shall have received the following:

(i) The unqualified approving opinions, dated the Closing Date, of Bond Counsel, in substantially the form attached as Appendix A to the Official Statement, addressed to the Issuer and the Underwriter;

(ii) A certificate, dated the Closing Date, signed by the County Mayor and the County Clerk of the Issuer, in which such officers, to the best of their knowledge, information and belief, shall state that

(A) There is no litigation or other legal or governmental action, proceeding, inquiry or investigation of any nature pending on the Closing Date, or to our knowledge threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, application of the proceeds thereof, or the payment, collection or application of income of the Issuer or the pledge thereof to the payment of the Bonds pursuant to the Resolution; seeking to restrain or enjoin the execution, delivery or performance of the Purchase Agreement or the Refunding Escrow Agreement (the "Refunding Escrow Agreement") between the Issuer and ____________, ____________, ____________, as escrow agent; in any manner questioning the proceedings or authority pursuant to which the Bonds are authorized or issued; in any manner questioning or relating to the validity of the Bonds, the Resolution, the Refunding Escrow Agreement or the Purchase Agreement; contesting in any way the completeness or accuracy of the Official Statement; in any way contesting the corporate existence or boundaries of the Issuer or the title of its present officers to their respective offices; or contesting the powers of the Issuer or its authority with respect to the Bonds, the Resolution, the Purchase Agreement, the Refunding Escrow Agreement or the Official Statement, or any act to be done or documents or certificates to be executed or delivered in connection with any of them, or materially adversely affecting the financial condition of the Issuer.

(B) The Resolution is, as of the Closing Date, in full force and effect and has not been amended, modified or supplemented, except as provided herein.

(C) The execution and delivery of the Purchase Agreement, the Refunding Escrow Agreement and the Bonds, the adoption of the Resolution, and the compliance by the Issuer with the terms and provisions thereof, will not conflict with, or result in any violation of any provision of the order of incorporation of the Issuer or similar incorporating or governing documents of the Issuer or of any amendments to any of the foregoing or any indenture, mortgage, deed of trust or other agreement or instrument to which the Issuer is a party or by which it or its properties are bound and will not violate any decree, order, injunction, judgment, determination or award to which the Issuer or its properties are subject.

(D) The Issuer has complied with all the requirements and satisfied all the conditions on its part to be performed or satisfied at or prior to the delivery of the Bonds.

(E) The descriptions and statements contained in the Official Statement were at the time of its publication and distribution, and are on the Closing Date, true and correct in all material respects, and the Official Statement did not at the time of its publication and distribution, and does not on the Closing Date, contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements made, in light of the circumstances under which they are made, not misleading.

(F) Subsequent to June 30, 2015, there has been no material adverse change in the financial position or results of operations of the Issuer except as set forth in or contemplated by the Official Statement or as described in such certificate;

(iii) Evidence satisfactory in form and substance to the Underwriter that the credit rating assigned to the Bonds by __________ is as set forth on the cover page of the Official Statement; and

(iv) An opinion of counsel to the Issuer in form and substance satisfactory to Bond Counsel.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder.

5. Expenses.

(a) Other than the expenses identified in Section 5(b), the Issuer agrees to pay all expenses incident to the issuance and sale of the Bonds, including but not limited to the cost of insuring the Bonds.

(b) The Underwriter shall pay the cost of delivering the Bonds from the place of Closing to the purchasers and all expenses of the Underwriter incurred in connection with the preparation, sale and closing of the Bonds.

(c) In the event that either the Issuer or the Underwriter shall have paid obligations of the other as set forth in this Section, adjustment shall be made.

6. Miscellaneous.

(a) All notices, demands and formal actions hereunder shall be in writing and mailed, telegraphed or delivered to:

The Underwriter: _________________

____
____

The Issuer: Blount County, Tennessee
341 Court Street
Maryville, TN 37804
Attention: Director of Accounts & Budgets

(b) This Purchase Agreement will inure to the benefit of and be binding upon the parties and their successors and assigns, and will not confer any rights upon any other person. The terms "successors" and "assigns" shall not include any purchaser of any of the Bonds from the Underwriter merely because of such purchase.

(c) Section headings have been inserted in this Purchase Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Purchase Agreement and will not be used in the interpretation of any provisions of this Purchase Agreement.

(d) If any provision of this Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Purchase Agreement invalid, inoperative or unenforceable to any extent whatsoever.

(e) This Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

(f) This Purchase Agreement shall be governed by, and construed in accordance with, the law of the State of Tennessee.

(g) This Purchase Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof.

(h) The Underwriter may waive compliance by the Issuer with any of the conditions, requirements, covenants, warranties or representations set forth herein, but waiver by the Underwriter of any such compliance shall not be deemed a waiver of compliance with any other of the conditions, requirements, covenants, warranties or representations set forth herein.

[UNDERWRITER]

By: ______________________________

Title: ____________________________

Accepted as of the date first
above written:

BLOUNT COUNTY, TENNESSEE

By: __________________________
County Mayor

Attest:

____
County Clerk

EXHIBIT A TO BOND PURCHASE AGREEMENT

$________ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016A
(FEDERALLY TAXABLE)

The Bonds shall mature on _______ 1 in the years, in the aggregate principal amounts and shall bear interest payable on _______ 1 and _______ 1 of each year, commencing _______ 1, 201_, as follows:

[TO BE INSERTED]

The Bonds maturing _______ 1, 20__ through _______ 1, 20__ shall mature without option of prior redemption. Bonds maturing on _______ 1, 20__ and thereafter shall be subject to redemption prior to maturity at the option of the City on or after _______ 1, 20__ as a whole or in part, at any time, at the redemption price of _________, plus interest accrued to the redemption date.

The Bonds shall be dated _________, 2016.

$________ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016B

The Bonds shall mature on _______ 1 in the years, in the aggregate principal amounts and shall bear interest payable on _______ 1 and _______ 1 of each year, commencing _______ 1, 201_, as follows:

[TO BE INSERTED]

The Bonds maturing _______ 1, 20__ through _______ 1, 20__ shall mature without option of prior redemption. Bonds maturing on _______ 1, 20__ and thereafter shall be subject to redemption prior to maturity at the option of the City on or after _______ 1, 20__ as a whole or in part, at any time, at the redemption price of par, plus interest accrued to the redemption date.

The Bonds shall be dated _________, 2016.

EXHIBIT B

FORM OF REFUNDING ESCROW AGREEMENT

BLOUNT COUNTY, TENNESSEE

[$________ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016A (FEDERALLY TAXABLE)]

[$________ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016B]

REFUNDING ESCROW AGREEMENT

This Refunding Escrow Agreement is made and entered into as of __________, 2016, by and between Blount County, Tennessee (the "County") and __________, __________, __________ (the "Agent").

W I T N E S S E T H:

WHEREAS, the County has determined to provide for payment of the debt service requirements of certain of its outstanding bonds, as described herein (the "Outstanding Bonds"), by depositing in escrow with the Agent funds sufficient to pay the principal of and interest on the Outstanding Bonds as set forth on Exhibit A hereto; and

WHEREAS, in order to obtain the funds needed to refund the Outstanding Bonds, the County has authorized and issued its [General Obligation Refunding Bonds, Series 2016A (Federally Taxable)][General Obligation Refunding Bonds, Series 2016B] (the "Refunding Bonds"); and

WHEREAS, a portion of the proceeds derived from the sale of the Refunding Bonds will be deposited in escrow with the Agent hereunder and applied to the purchase of certain securities described herein, the principal amount thereof together with interest thereon to mature at such times and in such amounts as shall be sufficient to pay when due all of the principal of and interest on the Outstanding Bonds as set forth on Exhibit A; and

WHEREAS, in order to create the escrow hereinabove described, provide for the deposit of said Refunding Bond proceeds and other funds of the County and the application thereof, and to provide for the payment of the Outstanding Bonds, the parties hereto do hereby enter into this Agreement;

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

DIVISION I

All right, title and interest of the County in and to $____________ derived from the proceeds of the sale of the Refunding Bonds.

DIVISION II

All right, title and interest of the County in and to the Government Securities purchased with the funds described in Division I hereof and more particularly described in Exhibit B, attached hereto, and to all income, earnings and increment derived from or accruing to the Government Securities.

DIVISION III

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred in escrow hereunder by the County or by anyone in its behalf to the Agent, which is hereby authorized to receive the same at any time to be held in escrow hereunder.

DIVISION IV

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

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

The escrowed property shall be held in escrow for the benefit and security of the owners from time to time of the Outstanding Bonds; but if the principal of and interest on the Outstanding Bonds shall be fully and promptly paid when due in accordance with the terms hereof, then this Agreement shall be and become void and of no further force and effect, otherwise the same shall remain in full force and effect, subject to the covenants and conditions hereinafter set forth.

ARTICLE I.
DEFINITIONS AND CONSTRUCTION

SECTION 1.1 Definitions. In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended:

"Agreement" means this Refunding Escrow Agreement;

"Code" means the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated thereunder;

"Escrow Fund" shall have the meaning ascribed to it in Section 2.1 hereof;

"Escrow Property", "escrow property" or "escrowed property" means the property, rights and interest of the County that are described in Divisions I through IV of this Agreement and hereinabove conveyed in escrow to the Agent;

"Government Securities" means obligations and securities described in Section 9-21-914, Tennessee Code Annotated;

"Outstanding Bonds" means the County's [list refunded bonds]; and

"Written Request" means a request in writing signed by the County Mayor of the County or by any other officer or official of the County duly authorized by the County to act in his place.

SECTION 1.2 Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word "person" shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

ARTICLE II.
ESTABLISHMENT AND ADMINISTRATION OF FUNDS

SECTION 2.1 Creation of Escrow; Deposit of Funds. The County hereby creates and establishes with the Agent a special and irrevocable escrow composed of the Escrowed Property and hereby deposits with the Agent and the Agent hereby acknowledges receipt of $_________ as described in Division I hereof. The monies so deposited, together with investment income therefrom, is herein referred to as the "Escrow Fund" and shall constitute a fund to be held by the Agent as a part of the Escrowed Property created, established, and governed by this Agreement.

SECTION 2.2 Investment of Funds. The monies described in Section 2.1 hereof shall be held or invested as follows:

(a) the amount of $_________ shall be used to purchase the Government Securities described on Exhibit B attached hereto; and

(b) the amount of $_________ shall be held as cash in a non-interest-bearing account.

Except as provided in Sections 2.4 and 2.6 hereof, the investment income from the Government Securities in the Escrow Fund shall be credited to the Escrow Fund and shall not be reinvested. The Agent shall have no power or duty to invest any monies held hereunder or to make substitutions of Government Securities held hereunder or to sell, transfer, or otherwise dispose of the Government Securities acquired hereunder except as provided herein.

SECTION 2.3 Disposition of Escrow Funds. The Agent shall without further authorization or direction from the County collect the principal and interest on the Government Securities promptly as the same shall fall due. From the Escrow Fund, to the extent that monies therein are sufficient for such purpose, [the Agent, as paying agent for the Outstanding Bonds,] shall make timely payments to the holders of the Outstanding Bonds of monies sufficient for the payment of the principal of and interest on the Outstanding Bonds as the same shall become due and payable. Amounts and dates of principal and interest payments with respect to the Outstanding Bonds are set forth on Exhibit A. Payment on the dates and to the holders of the Outstanding Bonds in accordance with Exhibit A shall constitute full performance by the Agent of its duties hereunder with respect to each respective payment. The County represents and warrants that the Escrow Fund, if held, invested and disposed of by the Agent in accordance with the provisions of this Agreement, will be sufficient to make the foregoing payments. No paying agent fees, fees and expenses of the Agent, or any other costs and expenses associated with the Refunding Bonds or the Outstanding Bonds shall be paid from the Escrow Fund, and the County agrees to pay all such fees, expenses, and costs from its legally available funds as such payments become due. When the Agent has made all required payments of principal and interest on the Outstanding Bonds to the holders thereof as hereinabove provided, the Agent shall transfer any monies or Government Securities then held hereunder to the County and this Agreement shall terminate.

SECTION 2.4 Excess Funds. Except as provided in Section 2.6 hereof, amounts held by the Agent, representing interest on the Government Securities in excess of the amount necessary to make the corresponding payment of principal and/or interest on the Outstanding Bonds, shall be held by the Agent without interest and shall be applied before any other Escrow Fund monies to the payment of the next ensuing principal and/or interest payment on the Outstanding Bonds. Upon retirement of all the Outstanding Bonds, the Agent shall pay any excess amounts remaining in the Escrow Fund to the County.

SECTION 2.5 Reports. The Agent shall deliver to the County Mayor of the County, on or before the first day of August of each year, a report current as of June 30 of such year, which shall summarize all transactions relating to the Escrow Fund effected during the immediately preceding fiscal year of the County and which also shall set forth all assets in the Escrow Fund as of June 30 and set forth opening and closing balances thereof for that fiscal year.

SECTION 2.6 Investment of Moneys Remaining in Escrow Fund. The Agent may invest and reinvest any monies remaining from time to time in the Escrow Fund until such time as they are needed. Such monies shall be invested in Government Securities, maturing no later than the next interest payment date of the Outstanding Bonds, or for such periods or at such interest rates as the Agent shall be directed by Written Request, provided, however, that the County shall furnish the Agent, as a condition precedent to such investment, with an opinion from nationally recognized bond counsel stating that such reinvestment of such monies will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, [cause the interest on the Refunding Bonds or the Outstanding Bonds not to be excluded from gross income for Federal income tax purposes] and that such investment is not inconsistent with the statutes and regulations applicable to the Refunding Bonds and Outstanding Bonds. Any interest income resulting from reinvestment of monies pursuant to this Section 2.6 shall be applied first to the payment of principal of and interest on the Outstanding Bonds to the extent the Escrow is or will be insufficient to retire the Outstanding Bonds as set forth on Exhibit A and any excess shall be paid to the County to be applied to the payment of the Refunding Bonds or the expenses of issuance thereof.

SECTION 2.7 Irrevocable Escrow Created. The deposit of monies, Government Securities, matured principal amounts thereof, and investment proceeds therefrom in the Escrow Fund shall constitute an irrevocable deposit of said monies and Government Securities for the benefit of the holders of the Outstanding Bonds, except as provided herein with respect to amendments permitted under Section 4.1 hereof. All the funds and accounts created and established pursuant to this Agreement shall be and constitute escrow funds for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of the County and the Agent and used only for the purposes and in the manner provided in this Agreement.

SECTION 2.8 Redemption of Outstanding Bonds. [The Agent, as paying agent for the Outstanding Bonds, shall call the Outstanding Bonds for redemption as described in Exhibit C. The Agent is authorized and directed to give not less than 30 days' notice of redemption in accordance with the terms of the Outstanding Bonds.]

ARTICLE III.
CONCERNING THE AGENT

SECTION 3.1 Appointment of Agent. The County hereby appoints the Agent as escrow agent under this Agreement.

SECTION 3.2 Acceptance by Agent. By execution of this Agreement, the Agent accepts the duties and obligations as Agent hereunder. The Agent further represents that it has all requisite power, and has taken all corporate actions necessary to execute the escrow hereby created.

SECTION 3.3 Liability of Agent. The Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the County or any paying agent of its obligations, or to protect any of the County's rights under any bond proceedings or any of the County's other contracts with or franchises or privileges from any state, county, County or other governmental agency or with any person. The Agent shall not be liable for any act done or step taken or omitted to be taken by it, or for any mistake of fact or law, or anything which it may do or refrain from doing, except for its own gross negligence or willful misconduct in the performance or nonperformance of any obligation imposed upon it hereunder. The Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein or in the Outstanding Bonds or in the Refunding Bonds or in any proceedings taken in connection therewith, but they are made solely by the County. The Agent shall have no lien whatsoever upon any of the monies or investments in the Escrow Fund for the payment of fees and expenses for services rendered by the Agent under this Agreement.

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

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

SECTION 3.4 Permitted Acts. The Agent and its affiliates may become the owner of or may deal in the Refunding Bonds or Outstanding Bonds as fully and with the same rights as if it were not the Agent.

SECTION 3.5 Exculpation of Funds of Agent. Except as set forth in Section 3.3, none of the provisions contained in this Agreement shall require the Agent to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided.

SECTION 3.6 Payment of Deficiency by County. The County agrees that it will promptly and without delay remit or cause to be remitted to the Agent within ten (10) days after receipt of the Agent's written request, such additional sum or sums of money as may be necessary in excess of the sums provided for under Section 2.1 hereof to assure the payment when due of the principal of and interest on the Outstanding Bonds.

SECTION 3.7 No Redemption or Acceleration of Maturity. The Agent will not pay any of the principal of or interest on the Outstanding Bonds, except as provided in Exhibit A attached hereto and will not redeem or accelerate the maturity of any of the Outstanding Bonds except as provided in Section 2.8 hereof.

SECTION 3.8 Qualifications of Agent. There shall at all times be an Agent hereunder that shall be a corporation or banking association organized and doing business under the laws of the United States or any state, authorized under the laws of its incorporation to exercise the powers herein granted, having a combined capital, surplus, and undivided profits of at least $75,000,000 and subject to supervision or examination by federal or state authority. If such corporation or association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this paragraph the combined capital, surplus, and undivided profits of such corporation or association shall be deemed to be its combined capital, surplus, and undivided profits as set forth in its most recent report of condition as published. In case at any time the Agent shall cease to be eligible in accordance with the provisions of this section, the Agent shall resign immediately in the manner and with the effect specified herein.

SECTION 3.9 Resignation of Agent. The Agent may at any time resign by giving direct written notice to the County and by giving the holders of the Outstanding Bonds notice by first-class mail of such resignation. Upon receiving such notice of resignation, the County shall promptly appoint a successor escrow agent by resolution of its governing body. If no successor escrow agent shall have been appointed and have accepted appointment within thirty (30) days after the publication of such notice of resignation, the resigning Agent may petition any court of competent jurisdiction located in Wilson County, for the appointment of a successor, or any holder of the Outstanding Bonds may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor meeting the qualifications set forth in Section 3.8. The Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

SECTION 3.10 Removal of Agent. In case at any time the Agent shall cease to be eligible in accordance with the provisions of Section 3.8 hereof and shall fail to resign after written request therefor by the County or by any holder of the Outstanding Bonds, or the Agent shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Agent or any of its property shall be appointed, or any public officer shall take charge or control of the Agent or its property or affairs for the purpose of rehabilitation, conservation, or liquidation, then in any such case, the County may remove the Agent and appoint a successor by resolution of its governing body or any such bondholder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction situated in the County for the removal of the Agent and the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, remove the Agent and appoint a successor who shall meet the qualifications set forth in Section 3.8. Unless incapable of serving, the Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

The holders of a majority in aggregate principal amount of all the Outstanding Bonds at any time outstanding may at any time remove the Agent and appoint a successor by an instrument or concurrent instruments in writing signed by such bondholders and presented, together with the successor's acceptance of appointment, to the County and the Agent.

Any resignation or removal of the Agent and appointment of a successor pursuant to any of the provisions of this Agreement shall become effective upon acceptance of appointment by the successor as provided in Section 3.11 hereof.

SECTION 3.11 Acceptance by Successor. Any successor escrow agent appointed as provided in this Agreement shall execute, acknowledge and deliver to the County and to its predecessor an instrument accepting such appointment hereunder and agreeing to be bound by the terms hereof, and thereupon the resignation or removal of the predecessor shall become effective and such successor, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Agent herein; but, nevertheless, on Written Request of the County or the request of the successor, the predecessor shall execute and deliver an instrument transferring to such successor all rights, powers and escrow property of the predecessor. Upon request of any such successor, the County shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor all such rights, powers and duties. No successor shall accept appointment as provided herein unless at the time of such acceptance such successor shall be eligible under the provisions of Section 3.8 hereof.

Any corporation into which the Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Agent shall be a party, or any corporation succeeding to the business of the Agent, shall be the successor of the Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor shall be eligible under the provisions of Section 3.8 hereof.

SECTION 3.12 Payment to Agent. The County agrees to pay the Agent, as reasonable and proper compensation under this Agreement, the sum of $____, payable annually. The Agent shall be entitled to reimbursement of all advances, counsel fees and expenses, and other costs made or incurred by the Agent in connection with its services and/or its capacity as Agent or resulting therefrom. In addition, the County agrees to pay to the Agent all out-of-pocket expenses and costs of the Agent incurred by the Agent in the performance of its duties hereunder, including all publication, mailing and other expenses associated with the redemption of the Outstanding Bonds; provided, however, that the County agrees to indemnify the Agent and hold it harmless against any liability which it may incur while acting in good faith in its capacity as Agent under this Agreement, including, but not limited to, any court costs and attorneys' fees, and such indemnification shall be paid from available funds of the County and shall not give rise to any claim against the Escrow Fund.

ARTICLE IV.
MISCELLANEOUS

SECTION 4.1 Amendments to this Agreement. This Agreement is made for the benefit of the County, the holders from time to time for the Outstanding Bonds, and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Agent and the County; provided, however, that the County and the Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Agreement;

(b) to grant to, or confer upon, the Agent for the benefit of the holders of the Outstanding Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Agent; and

(c) to subject to this Agreement additional funds, securities or properties.

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

Notwithstanding the foregoing or any other provision of this Agreement, upon Written Request and upon compliance with the conditions hereinafter stated, the Agent shall have the power to and shall, in simultaneous transactions, sell, transfer, otherwise dispose of or request the redemption of the Government Securities held hereunder and to substitute therefor direct obligations of, or obligations the principal of and interest on which are fully guaranteed by the United States of America, subject to the condition that such monies or securities held by the Agent shall be sufficient to pay principal of and interest on the Outstanding Bonds. The County hereby covenants and agrees that it will not request the Agent to exercise any of the powers described in the preceding sentence in any manner which will cause the Refunding Bonds to be arbitrage bonds within the meaning of Section 148 of the Code in effect on the date of such request and applicable to obligations issued on the issue date of the Refunding Bonds. The Agent shall purchase such substituted securities with the proceeds derived from the maturity, sale, transfer, disposition or redemption of the Government Securities held hereunder or from other monies available. The transactions may be effected only if there shall have been submitted to the Agent: (1) an independent verification by a nationally recognized independent certified public accounting firm concerning the adequacy of such substituted securities with respect to principal and the interest thereon and any other monies or securities held for such purpose to pay when due the principal of and interest on the Outstanding bonds in the manner required by the proceedings which authorized their issuance[; and (2) an opinion from nationally recognized bond counsel to the effect that the disposition and substitution or purchase of such securities will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Refunding Bonds not to be exempt from Federal income taxation]. Any surplus monies resulting from the sale, transfer, other disposition or redemption of the Government Securities held hereunder and the substitutions therefor of direct obligations of, or obligations the principal of and interest on which is fully guaranteed by, the United States of America, shall be released from the Escrow Fund and shall be transferred to the County.

SECTION 4.2 Severability. If any provision of this Agreement shall be held or deemed to be invalid or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

SECTION 4.3 Governing Law. This Agreement shall be governed and construed in accordance with the law of the State of Tennessee.

SECTION 4.4 Notices. Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by Registered or Certified Mail, postage prepaid, or sent by telegram as follows:

To the County:

Blount County, Tennessee
341 Court Street
Maryville, TN 37804
Attn: Director of Accounts & Budgets

To the Agent:

____
____
____
Attn: Corporate Trust

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

SECTION 4.5 Agreement Binding. All the covenants, promises and agreements in this Agreement contained by or on behalf of the parties shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 4.6 Termination. This Agreement shall terminate when all transfers and payments required to be made by the Agent under the provisions hereof shall have been made.

SECTION 4.7 Execution by Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

(signature page follows)

IN WITNESS WHEREOF, the County and the Agent have caused this Agreement to be executed all as of the day and date first above written.

BLOUNT COUNTY, TENNESSEE

By: ____
County Mayor

____
County Clerk

____
Escrow Agent

By: ____
Title: ____

EXHIBIT A TO REFUNDING ESCROW AGREEMENT

Debt Service Schedule of [list refunded bonds], With Name and Address of the Paying Agent and Date and Amount of Payment

Payment Date	Principal Payable	Interest Payable	Premium	Total Debt Service
TOTAL				

Paying Agent: __________________
____

EXHIBIT B TO REFUNDING ESCROW AGREEMENT

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

Total Cost of Securities: $_________________
Initial Cash Deposit: $_________________

EXHIBIT C TO REFUNDING ESCROW AGREEMENT

NOTICE OF REDEMPTION
BLOUNT COUNTY, TENNESSEE

NOTICE IS HEREBY GIVEN that Blount County, Tennessee (the "County"), has elected to and does exercise its option to call and redeem on __________________ the County's outstanding bonds (the "Outstanding Bonds") as follows:

[name of refunded bonds]

Maturity Date	Principal Amount	Interest Rate	CUSIP No.

The owners of the above-described Outstanding Bonds are hereby notified to present the same to the offices of _________, __________, __________, where redemption shall be made at the redemption price of par, plus interest accrued to the redemption date:

The redemption price will become due and payable on __________________, upon each such Bond herein called for redemption and such Bond shall not bear interest beyond __________________.

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

____
Registration and Paying Agent

<u>EXHIBIT C</u>

STATE REPORT ON PLAN OF REFUNDING

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

September 9, 2016

Honorable Ed Mitchell, Mayor
and Members of the Board of Commissioners
Blount County
341 Court Street
Maryville, TN 37804-5906

Dear Mayor Mitchell and Commissioners:

We received a request on September 1, 2016, from Blount County (the "County") for approval of a plan of balloon indebtedness (the "Plan") to issue a maximum $160,000,000 General Obligation Refunding Bonds, Series 2016 (the "Refunding Bonds"). The Refunding Bonds will be issued in two series, General Obligation Refunding Bonds, 2016A (Federally Taxable) ("Series 2016A Bonds") and General Obligation Refunding Bonds, 2016B (Tax-Exempt) ("Series 2016B Bonds").

Pursuant to T.C.A. § 9-21-134, the County submitted a Plan of Balloon Indebtedness to the Director of the Office of State and Local Finance for approval precedent to the County's adoption of a resolution authorizing the issuance of the debt. The report for refunding plan, dated September 9, 2016, has been sent with a separate letter.

Balloon Indebtedness

The County stated, in its Plan, that the proposed debt structure for the Series 2016B Bonds are structured as a maturity-to-maturity refunding of variable interest rate debt to fixed interest rate bonds. By structuring the Series 2016B Bonds on a maturity-to maturity basis, the County can also terminate four interest rate swaps associated with the debt to be refunded. It is in the public's interest to eliminate the costs and financial risks associated with the County's variable interest rate debt and interest rate swaps.

Approval

The comptroller of the treasury or the comptroller's designee shall evaluate each plan of balloon indebtedness based on the plan's particular circumstances and shall approve the plan only if a determination is made that the repayment structure is in the public's interest. Based on the review of the Plan in accordance with statute, the Plan is approved.

Sincerely,

Sandra Thompson

Sandra Thompson
Director of State & Local Finance

Cc: Mr. Bryan Burklin, Assistant Director, Division of Local Government Audit, COT
Mr. Randy Vineyard, Director of Accounts and Budgets, Blount County
Ms. Lauren Lowe, Public Financial Management, Inc.
Mr. Mark Mamantov, Bass, Berry & Sims PLC

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

September 9, 2016

Honorable Ed Mitchell, Mayor
and Members of the Board of Commissioners
Blount County
341 Court Street
Maryville, TN 37804-5906

Dear Mayor Mitchell and Commissioners:

Please provide a copy of this report to each member of the governing body at the public meeting during which the report is reviewed. Additionally, this letter, report, and plan of refunding (the "Plan"), are to be posted on the website of Blount County (the "County").

This letter acknowledges receipt of a request on September 1, 2016, from the County to review the Plan for the issuance of a maximum $160,000,000 General Obligation Refunding Bonds, Series 2016 (the "Refunding Bonds"). The Refunding Bonds will be issued in two series, General Obligation Refunding Bonds, 2016A (Federally Taxable) ("Series 2016A Bonds") and General Obligation Refunding Bonds, 2016B (Tax-Exempt) ("Series 2016B Bonds").

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

Commendation

The Office of the Comptroller of the Treasury commends the County's Commissioners and other officials for taking steps to eliminate the financial risks and costs currently borne by the County's citizens. Refunding the County's variable interest rate debt to fixed interest rates and eliminating the four associated interest rate swaps will, over time, strengthen the County's financial position and mitigate risk.

The proposed transaction will reduce the County's variable interest rate exposure to a level consistent with its debt management policy and eliminate its use of interest rate derivatives. By refunding this debt and the related interest rate swaps, the County's Commissioners are eliminating:

- Any unplanned payments due to the uncertainties created by the various risks associated with outstanding variable interest rate debt and the interest rate swaps.
- The various risks associated with the complex structure of variable interest rate debt, particularly the periodic need to enter into expensive contracts with liquidity providers and remarketing agents.
- The risk of paying an unplanned termination payment to the interest rate swap counterparty due to default of the Counterparty.
- The liability on the County's Statement of Net Position associated with the interest rate swaps. At June 30, 2015, that liability was $11,486,477.
- Losses for County operations due to changes in the fair value of the four ineffective interest rate swaps. The County posted a loss of $2,439,619 in the County's Statement of Activities for the year ended June 30, 2015.
- The costs related to providing for disclosure in the financial statements of these complex instruments.

The complexity of variable interest rate debt and interest rate swaps could create additional risks that may increase costs to the County's citizens.

County's Proposed Refunding Objective

The County Government indicated the purpose of the refunding is to reduce the County's exposure to interest rate and other risks by terminating its interest rate swap agreements and converting variable interest rate debt obligations to fixed interest rate debt.

Plan of Refunding

General Obligation Refunding Bonds, 2016A (Federally Taxable)

The Series 2016A Bonds will be issued for a principal amount not to exceed $11,000,000:

- to current refund $900,000 of a federally taxable loan agreement associated with the Public Building Authority of Blount County's Local Government Public Building Authority Bonds, Series B-10-A (the "Loan Agreement"); and
- to finance the approximately $14,615,367 termination payment for four outstanding swap agreements associated with the County's General Obligation Refunding Bond, Series 2013B.

The County will contribute $5,000,000 of monies from the debt service fund to complete this transaction.

General Obligation Refunding Bonds, 2016B (Tax-Exempt)

The Series 2016B Bonds will be issued for a principal amount not to exceed $149,000,000 to refund the following outstanding debt:

- General Obligation Refunding Bonds, Series 2004A ("2004A");
- General Obligation Refunding Bonds, Series 2004B ("2004B");
- General Obligation Refunding Bonds, Series 2005 ("2005");

- The loan agreement associated with the Public Building Authority of Blount County's Local Government Public Building Authority Bonds, Series B-16-A ("B-16-A");
- The loan agreement associated with the Public Building Authority of Blount County's Local Government Public Building Authority Bonds, Series B-17-A ("B-17-A");
- General Obligation Refunding Bonds, Series 2011 ("2011"); and
- General Obligation Refunding Bonds, Series 2013 ("2013").

Collectively these are the "Tax-Exempt Refunded Bonds." The total amount of outstanding debt to be refunded is $135,985,000.

The maturities and outstanding amount of each of the refunding candidates are:

Series	Maturities	Call Date	Par Amount of Outstanding Debt
2004A	March 1, 2017 - March 1, 2019	Current	$ 2,115,000
2004B	April 1, 2017 - April 1, 2019	Current	1,645,000
2005	April 1, 2017 - April 1, 2019	Current	4,695,000
B-16-A	June 1, 2024 - June 1, 2027; June 1, 2037	June 1, 2018	18,755,000
B-17-A	June 1, 2023; June 1, 2030	June 1, 2018	2,070,000
2011	June 1, 2022 - June 1, 2030	June 1, 2021	27,270,000
2013	June 1, 2017 - June 1, 2037	Current	79,435,000

The proceeds of the Series 2016B Bonds will be used to current refund $87,890,000 of the callable maturities of each of the series identified above, and advance refund $48,095,000 Series B-16-A, Series B-17-A and Series 2011.

Balloon Indebtedness

Series 2016A Bonds

The structure of the Series 2016A Bonds presented in the Plan does not appear to be balloon indebtedness. If the Refunding Bonds' structure is revised, the County should determine if the new structure complies with the requirements of T.C.A. § 9-21-134 concerning balloon indebtedness. If it is determined that the bond structure constitutes balloon indebtedness, the County must submit a Plan of Balloon Indebtedness to the Director of the Office of State and Local Finance for approval prior to the County adopting the resolution authorizing the issuance of the debt.

Series 2016B Bonds

The County determined the structure of the Series 2016B Bonds presented in the Plan is balloon indebtedness and therefore, submitted a separate request for approval of a plan of balloon indebtedness in conjunction with its request for the review of the Plan. Approval of the Director of the Office of State and Local Finance is required prior to the County adopting the resolution authorizing the issuance of balloon indebtedness.

A separate letter from this office, dated September 9, 2016, approved the County's plan of balloon indebtedness.

Due to the balloon indebtedness structure of the Refunded Bonds and the Series 2016B Bonds being issued on a maturity-to-maturity basis, they will also be structured as balloon indebtedness.

Negotiated Sale Approval

The approval of this Office is required when a County desires to sell general obligation refunding bonds through a negotiated sale process. The County has requested approval to sell the Refunding Bonds through negotiated sale. This letter constitutes approval to negotiate the sale of the Refunding Bonds, conditioned upon the requirement that the Bonds are sold with the debt service payment schedule having the same principal repayment schedule as presented in the plan or the principal repayment schedule is accelerated.

Compliance with the County's Debt Management Policy

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

Financial Professionals

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

MSRB Rule G-17

MSRB Rule G-17 requires underwriters and municipal advisors to deal fairly with the County in the conduct of its municipal securities or municipal advisory activities. The Securities and Exchange Commission approved MSRB Notice 2012-25 on the duties of underwriters to issuers of municipal securities on May 4, 2012. On August 2, 2012, this interpretive notice to MSRB Rule G-17 on fair dealing became part of federal securities law and underwriters are required to comply with its provisions.

These duties fall into three areas:

- statements and representations to issuers;
- disclosures to issuers; and
- financial aspects of underwriting transactions.

To learn more about the obligations of the County's underwriter (if applicable) and municipal advisor, please read the information posted on the MSRB website: www.msrb.org.

Report of the Review of a Plan of Refunding

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

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

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

Municipal Securities Rulemaking Board (MSRB) Voluntary Disclosure of Bank Loans

The Municipal Securities Rulemaking Board (MSRB) released regulatory notices: MSRB Notice 2011-52, providing guidance on the use of "bank loans" that could be a private placement of municipal securities subject to specific regulatory requirements including disclosure; and MSRB Notice 2012-18, encouraging the voluntary disclosure of bank loan financings through the MSRB's Electronic Municipal Market Access (EMMA®) website (emma.msrb.org). For more information see the preceding notices on the MSRB's website (msrb.org). To learn how to submit disclosure see the link at the bottom of the EMMA website labeled Submit Documents or the Education Center of the MSRB's website.

Report on Debt Obligation

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

If you should have any questions regarding this letter or the following report, please feel free to call us.

Sincerely,

Sandra Thompson

Sandra Thompson
Director of the Office of State & Local Finance

Cc: Mr. Bryan Burklin, Assistant Director, Division of Local Government Audit, COT
Mr. Randy Vineyard, Director of Accounts and Budgets, Blount County, TN
Ms. Lauren Lowe, Public Financial Management, Inc.
Mr. Mark Mamantov, Bass, Berry & Sims PLC

Encl: Report of the Director of the Office of State & Local Finance
Report on Debt Obligation

REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE
CONCERNING THE PROPOSED ISSUANCE BY
BLOUNT COUNTY, TENNESSEE
OF
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016

Blount County (the "County") submitted a plan of refunding (the "Plan"), as required by T.C.A. § 9-21-903 regarding the issuance of a maximum $160,000,000 General Obligation Refunding Bonds, Series 2016 (the "Refunding Bonds"). The Refunding Bonds will be issued in two series, General Obligation Refunding Bonds, 2016A (Federally Taxable) ("Series 2016A Bonds") and General Obligation Refunding Bonds, 2016B ("Series 2016B Bonds").

Series 2016A will be issued for a principal amount not to exceed $11,000,000 to current refund $900,000 of federally taxable Series B-10-A debt and to finance the termination payments of four outstanding swap agreements associated with the County's Series 2013B debt. The County projects the swap termination payments to be $14,615,367 and intends to contribute $5,000,000 from cash on hand to this proposed transaction.

Series 2016B will be issued for a principal amount not to exceed $149,000,000 to refund the following outstanding debt:

Series	Maturities	Call Date	Par Amount of Outstanding Debt
2004A	March 1, 2017 - March 1, 2019	Current	$ 2,115,000
2004B	April 1, 2017 - April 1, 2019	Current	1,645,000
2005	April 1, 2017 - April 1, 2019	Current	4,695,000
B-16-A	June 1, 2024 - June 1, 2027; June 1, 2037	June 1, 2018	18,755,000
B-17-A	June 1, 2023; June 1, 2030	June 1, 2018	2,070,000
2011	June 1, 2022 - June 1, 2030	June 1, 2021	27,270,000
2013	June 1, 2017 - June 1, 2037	Current	79,435,000

The proceeds of the Series 2016B refunding bonds will be used to current refund $87,890,000 of the callable maturities of the series identified above, and advance refund $48,095,000 Series B-16-A, Series B-17-A and Series 2011. The total amount of outstanding debt to be refunded with the proceeds of the Series 2016B issue is $135,985,000 (hereinafter to be known collectively as the "Refunded Bonds").

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

BALLOON INDEBTEDNESS

The structure of the Series 2016A Bonds presented in the Plan does not appear to be balloon indebtedness. If the Refunding Bonds' structure is revised, the County should determine if the new structure complies with the requirements of T.C.A. § 9-21-134 concerning balloon indebtedness. If it is determined that the bond structure constitutes balloon indebtedness, the County must submit a Plan of Balloon Indebtedness to the Director of the Office of State and Local Finance for approval prior to the County adopting the resolution authorizing the issuance of the debt.

The County determined the structure of the Series 2016B Bonds presented in the Plan is balloon indebtedness and therefore, submitted a separate request for approval of a plan of balloon indebtedness in conjunction with its request for the review of the Plan. Approval of the Director of the Office of State and Local Finance is required prior to the County adopting the resolution authorizing the issuance of balloon indebtedness.

A separate letter from this office, dated September 9, 2016, approved the County's plan of balloon indebtedness.

COUNTY'S PROPOSED REFUNDING OBJECTIVE

The County indicated its purpose for the refunding is to reduce future interest rate risk by terminating its swap agreements and converting synthetically fixed interest rate debt to general obligation fixed rate debt. Due to the balloon indebtedness structure of the Refunded Bonds and the Series 2016B Bonds being issued on a maturity-to-maturity basis, they will also be structured as balloon indebtedness. The proposed transaction will reduce the County's variable interest rate exposure to a level consistent with its debt management policy and eliminate its use of interest rate derivatives.

Although the proposed transaction does not result in overall net present value savings, the net present value savings of Series 2016B is nearly $14,000,000. Achieving that substantial savings will offset all but $1,687,299 of the cost to terminate the swap contracts.

REFUNDING ANALYSIS

- The results of the refunding are based on the issuance of $10,675,000 Series 2016A refunding bonds priced at par and $119,185,000 Series 2016B refunding bonds priced at a premium of $26,175,799. Both series will be sold by negotiated sale.

- The estimated net present value savings of the Series 2016B refunding is $13,971,262 or approximately 10.27% of the refunded principal amount of $135,985,000 which substantially offsets the projected net cost of the Series 2016A refunding bonds of $15,658,561.

- The County intends to contribute $5,000,000 from cash on hand to the Series 2016A transaction.

- Estimated cost of issuance of the Refunding Bonds is $1,079,300 or approximately $8.31 per $1,000 of par amount. See Table 1 for individual costs of issuance.

Table 1
Costs of Issuance of the Refunding Bonds

	Series 2016A (Taxable)		Series 2016B		TOTAL ISSUE	
	Amount	Price per $1,000 Bond Par Value	Amount	Price per $1,000 Bond Par Value	Amount	Price per $1,000 Bond Par Value
Underwriter's Discount	$ 53,375	$ 5.00	$ 595,925	$ 5.00	$ 649,300	$ 5.00
Municipal Advisor	6,987	0.65	78,013	0.65	85,000	0.65
Bond Counsel	6,987	0.65	78,013	0.65	85,000	0.65
Rating Agency	16,441	1.54	183,559	1.54	200,000	1.54
Swap Advisor	40,000	3.75	-	-	40,000	0.31
Other Costs	900	0.08	19,100	0.16	20,000	0.15
Total Cost of Issuance	$ 124,691	$ 11.68	$ 954,609	$ 8.01	$ 1,079,300	$ 8.31

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

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

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

Sandra Thompson

Sandra Thompson
Director of the Office of State and Local Finance
Date: September 9, 2016

Resolution No. 16-09-007
Sponsored by: Commissioners Jerome Moon and Mike Caylor

A RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS OF BLOUNT COUNTY, TENNESSEE IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $165,000,000, IN TWO OR MORE SERIES; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BONDS, ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; PROVIDING FOR THE LEVY OF TAXES FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS; AND AUTHORIZING THE TERMINATION OF CERTAIN INTEREST RATE SWAP AGREEMENTS RELATING TO OUTSTANDING BONDS OF THE COUNTY

WHEREAS, 9-21-101, et seq., inclusive, Tennessee Code Annotated, as amended, authorizes Blount County, Tennessee (the "County"), by resolution of the County Commission, to issue and sell bonds to refund its outstanding indebtedness and to finance termination fees in connection with the termination of interest rate swap agreements related to the refunded outstanding indebtedness; and

WHEREAS, the County has previously issued and has outstanding its General Obligation Refunding Bonds, Series 2004A, dated September 1, 2004, maturing March 1, 2017 through March 1, 2019 (the "Series 2004A Bonds"); General Obligations Refunding Bonds, Series 2004B, dated October 1, 2004, maturing April 1, 2017 through April 1, 2019 (the "Series 2004B Bonds"); General Obligation Refunding Bonds, Series 2005, dated January 27, 2005, maturing April 1, 2017 through April 1, 2019 (the "Series 2005 Bonds"); that portion of the County's obligations under that certain Loan Agreement Taxable (Series B-10-A), dated June 29, 2006, by and among The Public Building Authority of Blount County, Tennessee (the "Authority"), the County, the City of Alcoa, Tennessee ("Alcoa") and the City of Maryville, Tennessee ("Maryville"), which loan agreement was funded with proceeds of the Authority's Local Government Public Improvement Bonds, Taxable Series B-10-A (City of Alcoa, Tennessee/City of Maryville, Tennessee/Blount County, Tennessee), with payments due on May 25, 2017 through May 25, 2021 (the "Series B-10-A Loan Agreement"); that certain Loan Agreement (Series B-16-A), dated May 15, 2008, by and between the Authority and the County, which loan agreement was funded with proceeds of the Authority's Local Government Public Improvement Bonds, Series B-16-A (Blount County), with payments due May 25, 2024 through May 25, 2027 and May 25, 2037 (the "Series B-16-A Loan Agreement"); that portion of the County's obligations under that certain Loan Agreement (Series B-17-A), dated June 1, 2008, by and among the Authority, the County, Alcoa and Maryville, which loan agreement was funded with proceeds of the Authority's Local Government Public Improvement Bonds, Series B-17-A (City of Alcoa, Tennessee/City of Maryville, Tennessee/Blount County, Tennessee), with payments due June 1, 2023 and June 1, 2030 (the "Series B-17-A Loan Agreement"); General Obligation Refunding Bonds, Series 2011, dated May 5, 2011, maturing June 1, 2022 through June 1, 2030 (the "Series 2011 Bonds"); and General Obligation Refunding Bonds, Series 2013B, dated December 9, 2013, maturing June 1, 2037 (the "Series 2013B Bonds" and, together with the Series 2004A Bonds, Series 2004B Bonds, Series 2005 Bonds, Series B-10-A Loan Agreement, Series B-16-A Loan Agreement, Series B-17-A Loan Agreement and Series 2011 Bonds, the "Outstanding Indebtedness"); and

WHEREAS, the Outstanding Indebtedness can now be refunded for the purposes of achieving debt service savings and eliminating variable interest rate exposure of the County; and

WHEREAS, the County currently has outstanding certain interest rate swap agreements (the "Swap Agreements" as more fully described herein) that serve as interest rate hedges for its Series 2013B Bonds; and

WHEREAS, the counterparty to the Swap Agreements, Deutsche Bank AG, New York Branch (the "Swap Counterparty"), was recently downgraded to Baa2, triggering a termination event under the Swap Agreements that permits the County to terminate the Swap Agreements at a reduced termination fee (the "Termination Fee"); and

WHEREAS, the Swap Agreements can be terminated to eliminate the risk associated with the Swap Counterparty; and

WHEREAS, the County Commission hereby determines that it is advisable to issue federally taxable and federally tax-exempt general obligation bonds, in two or more series, for the purpose of refunding all or a portion of the Outstanding Indebtedness and for the purpose of financing a portion of the Termination Fee; and

WHEREAS, a plan of refunding for the Outstanding Indebtedness has been filed with the Director of State and Local Finance (the "State Director") as required by Section 9-21-903, Tennessee Code Annotated, as amended, and the State Director has submitted to the County a report thereon (the "Refunding Report"), a copy of which has been made available to the members of the County Commission; and

WHEREAS, a request for approval of balloon indebtedness in connection with bonds authorized herein was submitted to the State Director, pursuant to Public Chapter 766, Acts of 2014 of the Tennessee General Assembly, and the State Director has submitted to the County her approval thereon (the "Balloon Debt Approval"); and

WHEREAS, the County has submitted to the State Director a notice of its intention to terminate the Swap Agreements, as required by those certain Guidelines for Interest Rate and Forward Purchase Agreements, effective August 1, 2002, and the State Director has acknowledged receipt thereof; and

WHEREAS, it is the intention of the County Commission of the County to adopt this resolution for the purpose of authorizing not to exceed $165,000,000 in aggregate principal amount of federally taxable and federally tax-exempt bonds for the above-described purposes, providing for the issuance, sale and payment of said bonds, establishing the terms thereof, and the disposition of proceeds therefrom, and providing for the levy of a tax for the payment of principal thereof, premium, if any, and interest thereon; and for the purpose of authorizing the termination of certain outstanding interest rate swap agreements of the County.

NOW, THEREFORE, BE IT RESOLVED by the County Commission of Blount County, Tennessee, as follows:

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

Section 2. Definitions. In addition to the terms defined in the preamble above, the following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise:

(a) "Authority" means The Public Building Authority of Blount County, Tennessee.

(b) "Bond Purchase Agreement" means a Bond Purchase Agreement, dated as of the date of the sale of the Bonds, between the County and the Underwriter, in substantially the form attached hereto as

Exhibit A, subject to such changes as permitted by Section 8 hereof, as approved by the County Mayor, consistent with the terms of this resolution.

(c) "Bonds" means, collectively, the Federally Taxable Bonds and the Federally Tax-Exempt Bonds.

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

(e) "Code" means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

(f) "County Mayor" shall mean the County Mayor of the County.

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

(h) "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.

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

(j) "Federally Taxable Bonds" means not to exceed $16,000,000 in aggregate principal amount of General Obligation Refunding Bonds, Series 2016A (Federally Taxable) of the County, to be dated their date of delivery, or such other series designation and dated date as the County Mayor shall determine pursuant to Section 8 hereof.

(k) "Federally Tax-Exempt Bonds" means not to exceed $149,000,000 in aggregate principal amount of General Obligation Refunding Bonds, Series 2016B of the County, to be dated their date of delivery, or such other series designation and dated date as the County Mayor shall determine pursuant to Section 8 hereof.

(l) "Financial Advisor" means PFM Financial Advisors LLC, Memphis, Tennessee.

(m) "Governing Body" means the County Commission.

(n) "Outstanding Indebtedness" means, collectively, the Series 2004A Bonds, Series 2004B Bonds, Series 2005 Bonds, Series B-10-A Loan Agreement, Series B-16-A Loan Agreement, Series B-17-A Loan Agreement, Series 2011 Bonds and Series 2013B Bonds.

(o) "Refunding Escrow Agent" means the financial institution designated by the County Mayor to serve in such capacity in connection with the refunding of the Refunded Bonds, or any successor designated by the Governing Body.

(p) "Refunding Escrow Agreement" means the Refunding Escrow Agreement, dated as of the date of the Bonds, between the County and the Refunding Escrow Agent, in substantially the form of the document attached hereto as Exhibit B, subject to such changes thereto as shall be permitted by the terms of this resolution.

(q) "Refunded Indebtedness" means the maturities or portions of the maturities of the Outstanding Indebtedness designated for refunding by the County Mayor pursuant to the terms hereof.

(r) "Registration Agent" means the registration and paying agent appointed by the County Mayor pursuant to the terms hereof, or any successor designated by the Governing Body.

(s) "Series 2004A Bonds" means the County's General Obligation Refunding Bonds, Series 2004A, dated September 1, 2004, maturing March 1, 2017 through March 1, 2019.

(t) "Series 2004B Bonds" means the County's General Obligations Refunding Bonds, Series 2004B, dated October 1, 2004, maturing April 1, 2017 through April 1, 2019.

(u) "Series 2005 Bonds" means the County's General Obligation Refunding Bonds, Series 2005, dated January 27, 2005, maturing April 1, 2017 through April 1, 2019.

(v) "Series 2011 Bonds" means the County's General Obligation Refunding Bonds, Series 2011, dated May 5, 2011, maturing June 1, 2022 through June 1, 2030.

(w) "Series 2013B Bonds" means the County's General Obligation Refunding Bonds, Series 2013B, dated December 9, 2013, maturing June 1, 2037.

(x) "Series B-10-A Loan Agreement" means that portion of the County's obligations under that certain Loan Agreement Taxable (Series B-10-A), dated June 29, 2006, by and among the Authority, the County, the City of Alcoa, Tennessee and the City of Maryville, Tennessee, funded with proceeds of the Authority's Local Government Public Improvement Bonds, Taxable Series B-10-A (City of Alcoa, Tennessee/City of Maryville, Tennessee/Blount County, Tennessee), with payments due on May 25, 2017 through May 25, 2021.

(y) "Series B-16-A Loan Agreement" means that certain Loan Agreement (Series B-16-A), dated May 15, 2008, by and between the Authority and the County, funded with proceeds of the Authority's Local Government Public Improvement Bonds, Series B-16-A (Blount County), with payments due May 25, 2024 through May 25, 2027 and May 25, 2037.

(z) "Series B-17-A Loan Agreement" means that portion of the County's obligations under that certain Loan Agreement (Series B-17-A), dated June 1, 2008, by and among the Authority, the County, the City of Alcoa, Tennessee and the City of Maryville, Tennessee, funded with proceeds of the Authority's Local Government Public Improvement Bonds, Series B-17-A (City of Alcoa, Tennessee/City of Maryville, Tennessee/Blount County, Tennessee), with payments due June 1, 2023 and June 1, 2030.

(aa) "Swap Agreements" means that certain interest rate swap agreement with DBAG Reference Number N1076733N and a termination date of June 1, 2030; that certain interest rate swap agreement with DBAG Reference Number N1076738N and a termination date of June 1, 2028; that certain interest rate swap agreement with DBAG Reference Number N1076769N and a termination date of June 1, 2027 and that certain interest rate swap agreement with DBAG Reference Number N1076765N and a termination date of June 1, 2023, all of which interest rate swap agreements currently serve as interest rate hedges for the Series 2013B Bonds.

(bb) "Swap Counterparty" means Deutsche Bank AG, New York Branch.

(cc) "Tax-Exempt Indebtedness" means the County's Series 2004A Bonds, Series 2004B Bonds, Series 2005 Bonds, Series B-16-A Loan Agreement, Series B-17-A Loan Agreement, Series 2011 Bonds and Series 2013B Bonds.

(dd) "Termination Fee" means the fee payable to the Swap Counterparty in connection with the termination of the Swap Agreements.

(ee) "Underwriter" means the original purchaser of the Bonds, as selected by the County Mayor.

Section 3. Findings of the Governing Body; Authorization to Terminate Interest Rate Swap Agreements.

(a) In conformance with the directive of the State Funding Board of the State of Tennessee, the County has heretofore adopted its Debt Management Policy. The Governing Body hereby finds that the issuance and sale of the Bonds and the termination of the Swap Agreements, as proposed herein, is consistent with the County's Debt Management Policy.

(b) The Governing Body acknowledges that, although the Outstanding Indebtedness can now be refunded for the purpose of achieving debt service savings, the issuance of the Bonds to also finance a portion of the Termination Fee is anticipated to result in an overall increase in debt service payable by the County. The Governing Body hereby finds that it is nonetheless advisable to authorize the Bonds in order to terminate the Swap Agreements and eliminate the risk associated with the Swap Counterparty.

(c) The estimated interest expense and costs of issuance of the Bonds as well as the fees associated with terminating the Swap Agreements have been made available to the Governing Body. The Refunding Report of the State Director has been presented to the members of the Governing Body in connection with their consideration of this resolution and is attached hereto as Exhibit C.

(d) The Governing Body hereby authorizes and directs the County Mayor to terminate the Swap Agreements and further authorizes all actions, and ratifies all actions heretofore taken, of County officials that are necessary or advisable to terminate the Swap Agreements.

Section 4. Authorization and Terms of the Bonds.

(a) For the purpose of refunding the Series B-10-A Loan Agreement, financing the Termination Fee and paying costs incident to the issuance and sale of such bonds, there is hereby authorized to be issued federally taxable general obligation bonds, in one or more series, of the County, in the aggregate principal amount of not to exceed $16,000,000 (the "Federally Taxable Bonds"). For the purpose of refunding the Tax-Exempt Indebtedness and paying costs incident to the issuance and sale of such bonds, there is hereby authorized to be issued federally tax-exempt general obligation bonds, in one or more series, of the County in the aggregate principal amount of not to exceed $149,000,000 (the "Federally Tax-Exempt Bonds"). The Bonds shall be issued as separate series, with each of the Bonds issued in one or more series, in fully registered, book-entry form (except as otherwise set forth herein), without coupons, and subject to the adjustments permitted hereunder. The Federally Taxable Bonds and Federally Tax-Exempt Bonds shall be known as "General Obligation Refunding Bonds, 2016A (Federally Taxable)" and "General Obligation

Refunding Bonds, Series 2016B", respectively, and each shall be dated their date of issuance, and shall have such series designation or such other dated date as shall be determined by the County Mayor pursuant to the terms hereof. The Bonds shall bear interest at a rate or rates not to exceed the maximum rate permitted by applicable Tennessee law at the time of issuance of the Bonds, or any series thereof, payable (subject to the adjustments permitted hereunder) semi-annually on June 1 and December 1 in each year, commencing June 1, 2017. The Bonds shall be issued initially in $5,000 denominations or integral multiples thereof, as shall be requested by the original purchaser thereof. Subject to the adjustments permitted pursuant to the terms hereof, the Bonds shall mature serially or be subject to mandatory redemption and shall be payable on June 1 of each year, subject to prior optional redemption as hereinafter provided, in the years 2017 through 2037, inclusive; provided, however, such amortization may be adjusted in accordance with the terms hereof.

(b) Subject to the adjustments permitted under Section 8 hereof, the Bonds shall be subject to redemption prior to maturity at the option of the County on June 1, 2026 and thereafter, as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date.

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

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

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

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

Notice of any call for redemption shall be given by the Registration Agent on behalf of the County not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the County pursuant to written instructions from an authorized representative of the County (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository, if applicable, or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

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

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

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

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

(h) The Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the County with the signature of the County Mayor and the attestation of the County Clerk.

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

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

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

In the event that (1) DTC determines not to continue to act as securities depository for the Bonds, or (2) the County determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, then the County shall discontinue the Book-Entry System with DTC or, upon request of such original purchaser, deliver the Bonds to the original purchaser in the form of fully-registered Bonds, as the case may be. If the County fails to identify another qualified securities depository to replace DTC, the County shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully-registered Bonds to each Beneficial Owner. If the purchaser(s) certifies that it intends to hold the Bonds for its own account, then the County may issue certificated Bonds without the utilization of DTC and the Book-Entry System.

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

(j) The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the owners of the Bonds; provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this Section.

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

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

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

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

(Form of Bond)

REGISTERED
Number ____

REGISTERED
$__________

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF BLOUNT
GENERAL OBLIGATION REFUNDING BOND, SERIES 2016[A][B] [(Federally Taxable)]

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

Registered Owner:

Principal Amount:

FOR VALUE RECEIVED, Blount County, Tennessee (the "County") hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth (or upon earlier redemption as set forth herein), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on June 1, 2017, and semi-annually thereafter on the first day of June and December in each year until this Bond matures or is redeemed. The principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the principal corporate trust office of _____________________, ____________, ______________, as registration and agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond on each interest payment date directly to the registered owner hereof shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at such owner's address shown on said Bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the County to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of [and premium, if any, on] this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

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

[Bonds of the issue of which this Bond is one shall be subject to redemption prior to maturity at the option of the County on June 1, 2026 and thereafter, as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date.]

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

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

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

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

Final Maturity	Redemption Date	Principal Amount of Bonds Redeemed

*Final Maturity

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

Notice of any call for redemption shall be given by the Registration Agent not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and it notice has been duly provided as set forth in the Resolution, as hereafter defined. In the case of a Conditional Redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the [Depository or the] affected Bondholders that the redemption did not occur and that the Bond called for redemption and not so paid remain outstanding.

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

[This Bond is one of a total authorized issue aggregating $_________ and issued by the County to refund of the County's outstanding [list Refunded Indebtedness][, finance a portion of the termination fee in connection with the termination of certain outstanding interest rate swap agreements of the County] and pay issuance costs of the Bonds, pursuant to 9-21-101, et seq., Tennessee Code Annotated, as amended, and pursuant to a resolution adopted by the County Commission of the County on September 19, 2016 (the "Resolution").]

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

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

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

IN WITNESS WHEREOF, the County has caused this Bond to be signed by its County Mayor and attested by its County Clerk under the corporate seal of the County, all as of the date hereinabove set forth.

BLOUNT COUNTY, TENNESSEE

By:____
County Mayor

(SEAL)

ATTESTED:

____
County Clerk

Transferable and payable at the
principal corporate trust office of: __________________________
_____________, ____________

Date of Registration: __________________________

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

____
Registration Agent

By:____
Authorized Officer

(FORM OF ASSIGNMENT)

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

Dated:_____________________

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

Signature guaranteed:

____
<u>NOTICE</u>: Signature(s) must be guaranteed
by a member firm of a Medallion Program

acceptable to the Registration Agent

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

Section 8. Sale of Bonds.

(a) The Bonds or any emission thereof shall be sold by negotiated sale to the Underwriter, at a price of not less than 98% of par, plus accrued interest, as shall be determined by the County Mayor, in consultation with the Financial Advisor. The County Mayor is authorized to execute a Bond Purchase Agreement with the Underwriter, detailing the terms of the sale. The Bond Purchase Agreement shall be in substantially in the form attached hereto as Exhibit A, together with such changes and may be approved by the County Mayor consistent with the terms hereof. The sale of the Bonds, or any emission thereof, to the Underwriter shall be binding on the County and no further action of the Governing Body with respect thereto shall be required.

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

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

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

(2) change the designation of the Bonds, or any series thereof, to a designation other than as described herein and to specify the series designation of the Bonds, or any series thereof;

(3) change the first interest payment date on the Bonds, or any series thereof, to a date other than June 1, 2017, provided that such date is not later than twelve months from the dated date of such series of Bonds;

(4) adjust the principal and interest payment dates and the maturity amounts of the Bonds, or any series thereof, provided that (A) the total principal amount of all series of the Bonds does not exceed the total amount of Bonds authorized herein; (B) the final maturity date of each series shall not exceed the final maturity described in Section 4 hereof and (C) the debt service schedule for the Bonds shall not be materially different than what was reported on by the State Director in the Refunding Report or what was approved by the State Director in the Balloon Debt Approval;

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

(6) refund less than all of the Outstanding Indebtedness;

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

(8) cause all or a portion of the Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company if such insurance is requested and paid for by the winning bidder of the Bonds, or any series thereof.

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

(d) The County Mayor is authorized to sell the Bonds, or any series thereof, simultaneously with any other bonds or notes authorized by resolution or resolutions of the Governing Body. The County Mayor is further authorized to sell each of the Bonds, or any series thereof, as part of an issue of other bonds of the County with substantially similar terms authorized by resolution or resolutions of the Governing Body, in one or more series as the County Mayor shall deem to be advantageous to the County and in doing so, the County Mayor is authorized to change the designation of the Bonds to a designation other than that described herein; provided, however, that the total aggregate principal amount of combined bonds to be sold does not exceed the total aggregate principal amount of each of the Bonds authorized by this resolution or bonds authorized by any other resolution or resolutions adopted by the Governing Body.

(e) The County Mayor and County Clerk are authorized to cause the Bonds, in book-entry form (except as otherwise permitted herein), to be authenticated and delivered by the Registration Agent to the Underwriter and to execute, publish, and deliver all certificates and documents, including an official statement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Bonds. The County Mayor is hereby authorized to enter into a contract with the Financial Advisor, for financial advisory services in connection with the sale of the Bonds and to enter into a contract with Bass, Berry & Sims PLC to serve as bond counsel in connection with the Bonds, and all actions heretofore taken by the officers of the County in that regard are hereby ratified and approved.

Section 9. Disposition of Bond Proceeds. The proceeds of the Federally Taxable Bonds shall be disbursed as follows: (a) an amount sufficient, together with such other County funds as may be identified by the County Mayor and, if applicable, investment earnings on the foregoing, to refund the Series B-10-A Loan Agreement shall be applied to the refunding thereof by depositing such funds with the Escrow Agent and/or paying such funds directly to the holders (or paying agents or trustees for the holders) of the Series B-10-A Loan Agreement; (b) an amount sufficient, together with such other County funds as may be identified by the County Mayor, to pay the Termination Fee will deposited with the Swap Counterparty in full payment thereof and (c) the remainder of the proceeds of the sale of the Federally Taxable Bonds shall be used to pay costs of issuance of the Federally Taxable Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Federally Taxable Bonds.

The proceeds of the sale of the Federally Tax-Exempt Bonds shall be disbursed as follows (a) an amount sufficient, together with such other County funds as may be identified by the County Mayor and, if applicable, investment earnings on the foregoing, to refund the Tax-Exempt Indebtedness shall be applied to the refunding thereof by depositing such funds with the Escrow Agent and/or paying such funds directly to the holders (or paying agents or trustees for the holders) of the Tax-Exempt Indebtedness and (b) the remainder of the proceeds of the sale of the Federally Tax-Exempt Bonds shall be used to pay costs of issuance of the Federally Tax-Exempt Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Federally Tax-Exempt Bonds.

Section 10. Official Statement. The officers of the County, or any of them, are hereby authorized and directed to provide for the preparation and distribution of a Preliminary Official Statement describing the Bonds. Upon the sale of the Bonds to the Underwriter by execution of the Bond Purchase Agreement, the officers of the County, or any of them, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The officers of the County, or any of them, shall arrange for the delivery to the Underwriter of a reasonable number of copies of the Official Statement within seven (7) business days after the Bonds have been sold for delivery by the Underwriter to each potential investor requesting a copy of the Official Statement and to each person to whom the Underwriter initially sells the Bonds.

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

Notwithstanding the foregoing, no Official Statement is required to be prepared if the Underwriter certifies that it intends to hold the Bonds, or any series thereof, for its own account and has no present intention to reoffer the Bonds, or any series thereof.

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

Section 12. Redemption and Prepayment of the Refunded Indebtedness. The County Mayor and the County Clerk, or either of them, are hereby authorized and directed to take all steps necessary to prepay or redeem the Refunded Indebtedness at their earliest possible prepayment or redemption date, including the giving of and publication of any prepayment or redemption notice as required by the resolutions authorizing the issuance of the Refunded Indebtedness.

Section 13. Discharge and Satisfaction of Bonds. If the County shall pay and discharge the indebtedness evidenced by any series of the Bonds in any one or more of the following ways, to wit:

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

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

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

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

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

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

<u>Section 14.</u> <u>Federal Tax Matters Related to the Federally Tax-Exempt Bonds</u>.

(a) The Federally Tax-Exempt Bonds will be issued as federally tax-exempt bonds. The County hereby covenants that it will not use, or permit the use of, any proceeds of the Federally Tax-Exempt Bonds in a manner that would cause the Federally Tax-Exempt Bonds to be subjected to treatment under Section 148 of the Code, and applicable regulations thereunder, as an "arbitrage bond". To that end, the County shall comply with applicable regulations adopted under said Section 148 with respect to the Federally Tax-Exempt Bonds. The County further covenants with the registered owners from time to time of the Federally Tax-Exempt Bonds that it will, throughout the term of the Federally Tax-Exempt Bonds and through the date that the final rebate, if any, must be made to the United States in accordance with Section 148 of the Code, comply with the provisions of Sections 103 and 141 through 150 of the Code and all regulations proposed and promulgated thereunder that must be satisfied in order that interest on the Federally Tax-Exempt Bonds shall be and continue to be excluded from gross income for federal income tax purposes under Section 103 of the Code.

(b) The appropriate officers of the County are authorized and directed, on behalf of the County, to execute and deliver all such certificates and documents that may be required of the County in order to comply with the provisions of this Section related to the issuance of the Federally Tax-Exempt Bonds.

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

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

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

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

Duly adopted and approved on September 19, 2016.

____
County Mayor

Attested:

____
County Clerk

STATE OF TENNESSEE)

COUNTY OF BLOUNT)

I, Gaye Hasty, certify that I am the duly qualified and acting County Clerk of Blount County, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a meeting of the governing body of the County held on September 19, 2016; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to the County's General Obligation Refunding Bonds, Series 2016A (Federally Taxable) and General Obligation Refunding Bonds, Series 2016B.

WITNESS my official signature and seal of said County on ______________, 2016.

____
County Clerk

(SEAL)

EXHIBIT A

FORM OF BOND PURCHASE AGREEMENT

BLOUNT COUNTY, TENNESSEE

$________ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016A
(FEDERALLY TAXABLE)

$________ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016B

BOND PURCHASE AGREEMENT

________, 2016

Ladies and Gentlemen:

The undersigned, _________________ (the "Underwriter"), offers to enter into the following agreement with Blount County, Tennessee (the "Issuer"), which, upon the Issuer's acceptance and approval hereof, will be binding upon the Issuer and upon the Underwriter. This offer is made subject to acceptance by the Issuer, by execution of this Bond Purchase Agreement (the "Purchase Agreement") and its delivery to the Underwriter, on or before 11:59 p.m., C.D.T., on ________, 2016.

Capitalized terms used herein and not defined herein shall have the meanings given them in the Resolution (as hereinafter defined).

1. Purchase and Sale of the Bonds.

(a) Upon the basis of the representations, warranties, covenants and agreements herein contained, but subject to the terms and conditions herein set forth, the Underwriter hereby agrees to purchase from the Issuer for offering to the public, and the Issuer hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the Issuer's (i) $________ General Obligation Refunding Bonds, Series 2016A (Federally Taxable) (the "Series 2016A Bonds"), in book-entry only form, or otherwise, as provided herein, at the purchase price of $________, consisting of the face amount of the Series 2016A Bonds, less Underwriter's compensation of $________ and (ii) $________ General Obligation Refunding Bonds, Series 2016B, dated ________, 2016 (the "Series 2016B Bonds" and, together with the Series 2016A Bonds, the "Bonds"), in book-entry only form, or otherwise, as provided herein, at the purchase price of $________, consisting of the face amount of the Series 2016B Bonds, plus/less original issue premium/discount of $________, less Underwriter's compensation of $________. The Bonds shall bear interest, shall mature and shall otherwise be as described in Exhibit A attached hereto and incorporated herein by reference.

(b) The Bonds shall be issued and secured under the provisions of a resolution, adopted on September 19, 2016 (the "Resolution"), by the Board of County Commissioners (the "Board"), providing for the issuance of the Bonds pursuant to Sections 9-21-101 et seq., Tennessee Code Annotated, as amended, and other applicable provisions of law. The Series 2016A Bonds shall be issued for the purposes of (i) refunding the Issuer's outstanding [list the refunded debt], (ii) financing the termination fees associated with terminating the Issuer's [list interest rate swap agreements], and (iii) paying costs associated with the sale and issuance of the Series 2016A Bonds. The Series 2016B Bonds shall be issued for the purposes of (i) refunding the Issuer's outstanding [list refunded debt] and (ii) paying costs associated with the sale and issuance of the Series 2016B Bonds.

(c) After acceptance of this offer by the Issuer, the Underwriter agrees to make a bona fide public offering of all the Bonds at prices not in excess of the initial public offering prices (which may be expressed in terms of yield) set forth on the cover page of the Official Statement, dated the date hereof (the "Official Statement"). The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such initial public offering prices in the sole discretion of the Underwriter. Subsequent to such initial public offering, the Underwriter reserves the right to change the public offering prices as it may deem necessary in connection with the marketing of the Bonds.

(d) At the time of the Issuer's acceptance hereof (or as soon as reasonably practicable thereafter, but no later than the Closing (as hereinafter defined)), the Issuer shall have delivered, or caused to be delivered, to the Underwriter: (i) a certified copy of the Resolution; and (ii) a copy of the Official Statement, manually signed on behalf of the Issuer by the County Mayor and the County Clerk.

(e) The Issuer authorizes the Underwriter to use copies of the Official Statement and the information contained therein in connection with the public offering and sale of the Bonds and agrees not to supplement or amend, or cause to be supplemented or amended, the Official Statement, at any time prior to the Closing, without the consent of the Underwriter. The Issuer ratifies and confirms the use by the Underwriter, prior to the date hereof in connection with the public offering of the Bonds, of the Preliminary Official Statement of the Issuer relating to the Bonds, dated _________, 2016, which with any and all appendices, exhibits, maps, reports and summaries included therein is hereinafter called the "Preliminary Official Statement".

(f) As of its date, the Preliminary Official Statement has been "deemed final" (except for permitted omissions) by the Issuer for purposes of Rule 15c2-12(b)(1) of the Securities and Exchange Commission. The Issuer will deliver, or cause to be delivered, to the Underwriter, promptly after the acceptance hereof, but in any event within seven (7) days of the date hereof, copies of the Official Statement, sufficient to enable the Underwriter to comply with the requirements of Rule 15c2-12 of the Securities Exchange Commission (and the related rules of the Municipal Securities Rulemaking Board).

2. Liquidated Damages. If the Issuer accepts this offer and if the Underwriter fails (other than for a reason permitted hereunder) to accept and pay for the Bonds upon tender thereof by the Issuer at the Closing as herein provided, the parties hereby agree that the damages to the Issuer shall be fixed at one percent (1%) of the aggregate principal amount of the Bonds and, upon such failure of the Underwriter to accept and pay for the Bonds, the Underwriter shall be obligated to pay to the Issuer such amount as and for full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriter. Upon such payment the Underwriter shall be fully released and discharged of all claims, rights and damages for such failure and for any and all such defaults.

3. Closing. At 10:30 a.m., C.D.T., on ______, 2016, or at such other time or date as shall be agreed to by the Issuer and the Underwriter, the Issuer will deliver, or cause to be delivered, to the Underwriter, or such agent as it shall designate, the Bonds, in definitive form, duly executed on the Issuer's behalf, together with the other documents hereinafter mentioned, and the Underwriter will accept, or cause to be accepted, such delivery and pay to the Issuer the purchase price of the Bonds in the amount set forth in Section 1 hereof by wire transfer payable in immediately available funds or such other medium of payment as shall be acceptable to the Issuer. Payment for the Bonds as aforesaid shall be made at such place designated by the Issuer and delivery of the Bonds shall be made through The Depository Trust Company, New York, New York, or at such other location mutually acceptable to the parties. Such payment and delivery is herein called the "Closing", and the date of the Closing is herein called the "Closing Date." The Bonds shall be delivered as fully registered bonds, book-entry only form, in denominations of $5,000 each

or any integral multiple thereof as the Underwriter shall request, shall bear CUSIP numbers, shall be registered in such names and in such denominations as shall be designated in writing by the Underwriter to the Issuer or to ____________, ____________, ____________, as the registration and paying agent for the Bonds (the "Registration Agent"), and shall be duly authenticated by the Registration Agent. The Purchaser hereby instructs that the Bonds be delivered at Closing through The Depository Trust Company's "FAST Program".

4. Conditions of Closing. The obligations of the Underwriter hereunder shall be subject to the performance by the Issuer of its obligations to be performed hereunder at or prior to the Closing, to the accuracy of and compliance with the representations, warranties and covenants of the Issuer herein, in each case as of the time of delivery of this Purchase Agreement and as of the Closing, and, in the discretion of the Underwriter, to the following:

(a) at the Closing, (i) the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and the Issuer shall have executed and there shall be in full force and effect such additional agreements, and there shall have been taken in connection therewith and in connection with the issuance of the Bonds all such action as shall, in the opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel ("Bond Counsel"), be necessary in connection with the transactions contemplated hereby, (ii) the Bonds shall have been duly authorized, executed and delivered as provided herein, (iii) the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter and (iv) the Issuer shall perform or have performed all of its obligations under or specified in this Purchase Agreement to be performed at or prior to the Closing;

(b) At or prior to the Closing Date, the Underwriter shall have received the following:

(i) The unqualified approving opinions, dated the Closing Date, of Bond Counsel, in substantially the form attached as Appendix A to the Official Statement, addressed to the Issuer and the Underwriter;

(ii) A certificate, dated the Closing Date, signed by the County Mayor and the County Clerk of the Issuer, in which such officers, to the best of their knowledge, information and belief, shall state that

(A) There is no litigation or other legal or governmental action, proceeding, inquiry or investigation of any nature pending on the Closing Date, or to our knowledge threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, application of the proceeds thereof, or the payment, collection or application of income of the Issuer or the pledge thereof to the payment of the Bonds pursuant to the Resolution; seeking to restrain or enjoin the execution, delivery or performance of the Purchase Agreement or the Refunding Escrow Agreement (the "Refunding Escrow Agreement") between the Issuer and ____________, ____________, ____________, as escrow agent; in any manner questioning the proceedings or authority pursuant to which the Bonds are authorized or issued; in any manner questioning or relating to the validity of the Bonds, the Resolution, the Refunding Escrow Agreement or the Purchase Agreement; contesting in any way the completeness or accuracy of the Official Statement; in any way contesting the corporate existence or boundaries of the Issuer or the title of its present officers to their respective offices; or contesting the powers of the Issuer or its authority with respect to the Bonds, the Resolution, the Purchase Agreement, the Refunding Escrow Agreement or the Official Statement, or any act to be done or documents or certificates to be executed or delivered in connection with any of them, or materially adversely affecting the financial condition of the Issuer.

(B) The Resolution is, as of the Closing Date, in full force and effect and has not been amended, modified or supplemented, except as provided herein.

(C) The execution and delivery of the Purchase Agreement, the Refunding Escrow Agreement and the Bonds, the adoption of the Resolution, and the compliance by the Issuer with the terms and provisions thereof, will not conflict with, or result in any violation of any provision of the order of incorporation of the Issuer or similar incorporating or governing documents of the Issuer or of any amendments to any of the foregoing or any indenture, mortgage, deed of trust or other agreement or instrument to which the Issuer is a party or by which it or its properties are bound and will not violate any decree, order, injunction, judgment, determination or award to which the Issuer or its properties are subject.

(D) The Issuer has complied with all the requirements and satisfied all the conditions on its part to be performed or satisfied at or prior to the delivery of the Bonds.

(E) The descriptions and statements contained in the Official Statement were at the time of its publication and distribution, and are on the Closing Date, true and correct in all material respects, and the Official Statement did not at the time of its publication and distribution, and does not on the Closing Date, contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements made, in light of the circumstances under which they are made, not misleading.

(F) Subsequent to June 30, 2015, there has been no material adverse change in the financial position or results of operations of the Issuer except as set forth in or contemplated by the Official Statement or as described in such certificate;

(iii) Evidence satisfactory in form and substance to the Underwriter that the credit rating assigned to the Bonds by __________ is as set forth on the cover page of the Official Statement; and

(iv) An opinion of counsel to the Issuer in form and substance satisfactory to Bond Counsel.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder.

5. <u>Expenses</u>.

(a) Other than the expenses identified in Section 5(b), the Issuer agrees to pay all expenses incident to the issuance and sale of the Bonds, including but not limited to the cost of insuring the Bonds.

(b) The Underwriter shall pay the cost of delivering the Bonds from the place of Closing to the purchasers and all expenses of the Underwriter incurred in connection with the preparation, sale and closing of the Bonds.

(c) In the event that either the Issuer or the Underwriter shall have paid obligations of the other as set forth in this Section, adjustment shall be made.

6. <u>Miscellaneous</u>.

(a) All notices, demands and formal actions hereunder shall be in writing and mailed, telegraphed or delivered to:

The Underwriter: __________________
____

The Issuer: Blount County, Tennessee
341 Court Street
Maryville, TN 37804
Attention: Director of Accounts & Budgets

(b) This Purchase Agreement will inure to the benefit of and be binding upon the parties and their successors and assigns, and will not confer any rights upon any other person. The terms "successors" and "assigns" shall not include any purchaser of any of the Bonds from the Underwriter merely because of such purchase.

(c) Section headings have been inserted in this Purchase Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Purchase Agreement and will not be used in the interpretation of any provisions of this Purchase Agreement.

(d) If any provision of this Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Purchase Agreement invalid, inoperative or unenforceable to any extent whatsoever.

(e) This Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

(f) This Purchase Agreement shall be governed by, and construed in accordance with, the law of the State of Tennessee.

(g) This Purchase Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof.

(h) The Underwriter may waive compliance by the Issuer with any of the conditions, requirements, covenants, warranties or representations set forth herein, but waiver by the Underwriter of any such compliance shall not be deemed a waiver of compliance with any other of the conditions, requirements, covenants, warranties or representations set forth herein.

[UNDERWRITER]

By: ______________________________

Title: ____________________________

Accepted as of the date first
above written:

BLOUNT COUNTY, TENNESSEE

By: ___________________________
County Mayor

Attest:

____
County Clerk

EXHIBIT A TO BOND PURCHASE AGREEMENT

$________ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016A
(FEDERALLY TAXABLE)

The Bonds shall mature on _______ 1 in the years, in the aggregate principal amounts and shall bear interest payable on _______ 1 and _______ 1 of each year, commencing _______ 1, 201_, as follows:

[TO BE INSERTED]

The Bonds maturing _______ 1, 20__ through _______ 1, 20__ shall mature without option of prior redemption. Bonds maturing on _______ 1, 20__ and thereafter shall be subject to redemption prior to maturity at the option of the City on or after _______ 1, 20__ as a whole or in part, at any time, at the redemption price of _________, plus interest accrued to the redemption date.

The Bonds shall be dated _________, 2016.

$________ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016B

The Bonds shall mature on _______ 1 in the years, in the aggregate principal amounts and shall bear interest payable on _______ 1 and _______ 1 of each year, commencing _______ 1, 201_, as follows:

[TO BE INSERTED]

The Bonds maturing _______ 1, 20__ through _______ 1, 20__ shall mature without option of prior redemption. Bonds maturing on _______ 1, 20__ and thereafter shall be subject to redemption prior to maturity at the option of the City on or after _______ 1, 20__ as a whole or in part, at any time, at the redemption price of par, plus interest accrued to the redemption date.

The Bonds shall be dated _________, 2016.

<u>**EXHIBIT B**</u>

FORM OF REFUNDING ESCROW AGREEMENT

BLOUNT COUNTY, TENNESSEE

[$________ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016A (FEDERALLY TAXABLE)]

[$________ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016B]

REFUNDING ESCROW AGREEMENT

This Refunding Escrow Agreement is made and entered into as of __________, 2016, by and between Blount County, Tennessee (the "County") and __________, __________, __________ (the "Agent").

W I T N E S S E T H:

WHEREAS, the County has determined to provide for payment of the debt service requirements of certain of its outstanding bonds, as described herein (the "Outstanding Bonds"), by depositing in escrow with the Agent funds sufficient to pay the principal of and interest on the Outstanding Bonds as set forth on <u>Exhibit A</u> hereto; and

WHEREAS, in order to obtain the funds needed to refund the Outstanding Bonds, the County has authorized and issued its [General Obligation Refunding Bonds, Series 2016A (Federally Taxable)][General Obligation Refunding Bonds, Series 2016B] (the "Refunding Bonds"); and

WHEREAS, a portion of the proceeds derived from the sale of the Refunding Bonds will be deposited in escrow with the Agent hereunder and applied to the purchase of certain securities described herein, the principal amount thereof together with interest thereon to mature at such times and in such amounts as shall be sufficient to pay when due all of the principal of and interest on the Outstanding Bonds as set forth on <u>Exhibit A</u>; and

WHEREAS, in order to create the escrow hereinabove described, provide for the deposit of said Refunding Bond proceeds and other funds of the County and the application thereof, and to provide for the payment of the Outstanding Bonds, the parties hereto do hereby enter into this Agreement;

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

DIVISION I

All right, title and interest of the County in and to $____________ derived from the proceeds of the sale of the Refunding Bonds.

DIVISION II

All right, title and interest of the County in and to the Government Securities purchased with the funds described in Division I hereof and more particularly described in Exhibit B, attached hereto, and to all income, earnings and increment derived from or accruing to the Government Securities.

DIVISION III

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred in escrow hereunder by the County or by anyone in its behalf to the Agent, which is hereby authorized to receive the same at any time to be held in escrow hereunder.

DIVISION IV

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

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

The escrowed property shall be held in escrow for the benefit and security of the owners from time to time of the Outstanding Bonds; but if the principal of and interest on the Outstanding Bonds shall be fully and promptly paid when due in accordance with the terms hereof, then this Agreement shall be and become void and of no further force and effect, otherwise the same shall remain in full force and effect, subject to the covenants and conditions hereinafter set forth.

ARTICLE I.
DEFINITIONS AND CONSTRUCTION

SECTION 1.1 Definitions. In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended:

"Agreement" means this Refunding Escrow Agreement;

"Code" means the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated thereunder;

"Escrow Fund" shall have the meaning ascribed to it in Section 2.1 hereof;

"Escrow Property", "escrow property" or "escrowed property" means the property, rights and interest of the County that are described in Divisions I through IV of this Agreement and hereinabove conveyed in escrow to the Agent;

"Government Securities" means obligations and securities described in Section 9-21-914, Tennessee Code Annotated;

"Outstanding Bonds" means the County's [list refunded bonds]; and

"Written Request" means a request in writing signed by the County Mayor of the County or by any other officer or official of the County duly authorized by the County to act in his place.

SECTION 1.2 Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word "person" shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

ARTICLE II.
ESTABLISHMENT AND ADMINISTRATION OF FUNDS

SECTION 2.1 Creation of Escrow; Deposit of Funds. The County hereby creates and establishes with the Agent a special and irrevocable escrow composed of the Escrowed Property and hereby deposits with the Agent and the Agent hereby acknowledges receipt of $_________ as described in Division I hereof. The monies so deposited, together with investment income therefrom, is herein referred to as the "Escrow Fund" and shall constitute a fund to be held by the Agent as a part of the Escrowed Property created, established, and governed by this Agreement.

SECTION 2.2 Investment of Funds. The monies described in Section 2.1 hereof shall be held or invested as follows:

(a) the amount of $_________ shall be used to purchase the Government Securities described on Exhibit B attached hereto; and

(b) the amount of $_________ shall be held as cash in a non-interest-bearing account.

Except as provided in Sections 2.4 and 2.6 hereof, the investment income from the Government Securities in the Escrow Fund shall be credited to the Escrow Fund and shall not be reinvested. The Agent shall have no power or duty to invest any monies held hereunder or to make substitutions of Government Securities held hereunder or to sell, transfer, or otherwise dispose of the Government Securities acquired hereunder except as provided herein.

SECTION 2.3 Disposition of Escrow Funds. The Agent shall without further authorization or direction from the County collect the principal and interest on the Government Securities promptly as the same shall fall due. From the Escrow Fund, to the extent that monies therein are sufficient for such purpose, [the Agent, as paying agent for the Outstanding Bonds,] shall make timely payments to the holders of the Outstanding Bonds of monies sufficient for the payment of the principal of and interest on the Outstanding Bonds as the same shall become due and payable. Amounts and dates of principal and interest payments with respect to the Outstanding Bonds are set forth on Exhibit A. Payment on the dates and to the holders of the Outstanding Bonds in accordance with Exhibit A shall constitute full performance by the Agent of its duties hereunder with respect to each respective payment. The County represents and warrants that the Escrow Fund, if held, invested and disposed of by the Agent in accordance with the provisions of this Agreement, will be sufficient to make the foregoing payments. No paying agent fees, fees and expenses of the Agent, or any other costs and expenses associated with the Refunding Bonds or the Outstanding Bonds shall be paid from the Escrow Fund, and the County agrees to pay all such fees, expenses, and costs from its legally available funds as such payments become due. When the Agent has made all required payments of principal and interest on the Outstanding Bonds to the holders thereof as hereinabove provided, the Agent shall transfer any monies or Government Securities then held hereunder to the County and this Agreement shall terminate.

SECTION 2.4 Excess Funds. Except as provided in Section 2.6 hereof, amounts held by the Agent, representing interest on the Government Securities in excess of the amount necessary to make the corresponding payment of principal and/or interest on the Outstanding Bonds, shall be held by the Agent without interest and shall be applied before any other Escrow Fund monies to the payment of the next ensuing principal and/or interest payment on the Outstanding Bonds. Upon retirement of all the Outstanding Bonds, the Agent shall pay any excess amounts remaining in the Escrow Fund to the County.

SECTION 2.5 Reports. The Agent shall deliver to the County Mayor of the County, on or before the first day of August of each year, a report current as of June 30 of such year, which shall summarize all transactions relating to the Escrow Fund effected during the immediately preceding fiscal year of the County and which also shall set forth all assets in the Escrow Fund as of June 30 and set forth opening and closing balances thereof for that fiscal year.

SECTION 2.6 Investment of Moneys Remaining in Escrow Fund. The Agent may invest and reinvest any monies remaining from time to time in the Escrow Fund until such time as they are needed. Such monies shall be invested in Government Securities, maturing no later than the next interest payment date of the Outstanding Bonds, or for such periods or at such interest rates as the Agent shall be directed by Written Request, provided, however, that the County shall furnish the Agent, as a condition precedent to such investment, with an opinion from nationally recognized bond counsel stating that such reinvestment of such monies will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, [cause the interest on the Refunding Bonds or the Outstanding Bonds not to be excluded from gross income for Federal income tax purposes] and that such investment is not inconsistent with the statutes and regulations applicable to the Refunding Bonds and Outstanding Bonds. Any interest income resulting from reinvestment of monies pursuant to this Section 2.6 shall be applied first to the payment of principal of and interest on the Outstanding Bonds to the extent the Escrow is or will be insufficient to retire the Outstanding Bonds as set forth on Exhibit A and any excess shall be paid to the County to be applied to the payment of the Refunding Bonds or the expenses of issuance thereof.

SECTION 2.7 Irrevocable Escrow Created. The deposit of monies, Government Securities, matured principal amounts thereof, and investment proceeds therefrom in the Escrow Fund shall constitute an irrevocable deposit of said monies and Government Securities for the benefit of the holders of the Outstanding Bonds, except as provided herein with respect to amendments permitted under Section 4.1 hereof. All the funds and accounts created and established pursuant to this Agreement shall be and constitute escrow funds for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of the County and the Agent and used only for the purposes and in the manner provided in this Agreement.

SECTION 2.8 Redemption of Outstanding Bonds. [The Agent, as paying agent for the Outstanding Bonds, shall call the Outstanding Bonds for redemption as described in Exhibit C. The Agent is authorized and directed to give not less than 30 days' notice of redemption in accordance with the terms of the Outstanding Bonds.]

ARTICLE III.
CONCERNING THE AGENT

SECTION 3.1 Appointment of Agent. The County hereby appoints the Agent as escrow agent under this Agreement.

SECTION 3.2 Acceptance by Agent. By execution of this Agreement, the Agent accepts the duties and obligations as Agent hereunder. The Agent further represents that it has all requisite power, and has taken all corporate actions necessary to execute the escrow hereby created.

SECTION 3.3 Liability of Agent. The Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the County or any paying agent of its obligations, or to protect any of the County's rights under any bond proceedings or any of the County's other contracts with or franchises or privileges from any state, county, County or other governmental agency or with any person. The Agent shall not be liable for any act done or step taken or omitted to be taken by it, or for any mistake of fact or law, or anything which it may do or refrain from doing, except for its own gross negligence or willful misconduct in the performance or nonperformance of any obligation imposed upon it hereunder. The Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein or in the Outstanding Bonds or in the Refunding Bonds or in any proceedings taken in connection therewith, but they are made solely by the County. The Agent shall have no lien whatsoever upon any of the monies or investments in the Escrow Fund for the payment of fees and expenses for services rendered by the Agent under this Agreement.

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

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

SECTION 3.4 Permitted Acts. The Agent and its affiliates may become the owner of or may deal in the Refunding Bonds or Outstanding Bonds as fully and with the same rights as if it were not the Agent.

SECTION 3.5 Exculpation of Funds of Agent. Except as set forth in Section 3.3, none of the provisions contained in this Agreement shall require the Agent to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided.

SECTION 3.6 Payment of Deficiency by County. The County agrees that it will promptly and without delay remit or cause to be remitted to the Agent within ten (10) days after receipt of the Agent's written request, such additional sum or sums of money as may be necessary in excess of the sums provided for under Section 2.1 hereof to assure the payment when due of the principal of and interest on the Outstanding Bonds.

SECTION 3.7 No Redemption or Acceleration of Maturity. The Agent will not pay any of the principal of or interest on the Outstanding Bonds, except as provided in Exhibit A attached hereto and will not redeem or accelerate the maturity of any of the Outstanding Bonds except as provided in Section 2.8 hereof.

SECTION 3.8 Qualifications of Agent. There shall at all times be an Agent hereunder that shall be a corporation or banking association organized and doing business under the laws of the United States or any state, authorized under the laws of its incorporation to exercise the powers herein granted, having a combined capital, surplus, and undivided profits of at least $75,000,000 and subject to supervision or examination by federal or state authority. If such corporation or association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this paragraph the combined capital, surplus, and undivided profits of such corporation or association shall be deemed to be its combined capital, surplus, and undivided profits as set forth in its most recent report of condition as published. In case at any time the Agent shall cease to be eligible in accordance with the provisions of this section, the Agent shall resign immediately in the manner and with the effect specified herein.

SECTION 3.9 Resignation of Agent. The Agent may at any time resign by giving direct written notice to the County and by giving the holders of the Outstanding Bonds notice by first-class mail of such resignation. Upon receiving such notice of resignation, the County shall promptly appoint a successor escrow agent by resolution of its governing body. If no successor escrow agent shall have been appointed and have accepted appointment within thirty (30) days after the publication of such notice of resignation, the resigning Agent may petition any court of competent jurisdiction located in Wilson County, for the appointment of a successor, or any holder of the Outstanding Bonds may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor meeting the qualifications set forth in Section 3.8. The Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

SECTION 3.10 Removal of Agent. In case at any time the Agent shall cease to be eligible in accordance with the provisions of Section 3.8 hereof and shall fail to resign after written request therefor by the County or by any holder of the Outstanding Bonds, or the Agent shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Agent or any of its property shall be appointed, or any public officer shall take charge or control of the Agent or its property or affairs for the purpose of rehabilitation, conservation, or liquidation, then in any such case, the County may remove the Agent and appoint a successor by resolution of its governing body or any such bondholder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction situated in the County for the removal of the Agent and the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, remove the Agent and appoint a successor who shall meet the qualifications set forth in Section 3.8. Unless incapable of serving, the Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

The holders of a majority in aggregate principal amount of all the Outstanding Bonds at any time outstanding may at any time remove the Agent and appoint a successor by an instrument or concurrent instruments in writing signed by such bondholders and presented, together with the successor's acceptance of appointment, to the County and the Agent.

Any resignation or removal of the Agent and appointment of a successor pursuant to any of the provisions of this Agreement shall become effective upon acceptance of appointment by the successor as provided in Section 3.11 hereof.

SECTION 3.11 Acceptance by Successor. Any successor escrow agent appointed as provided in this Agreement shall execute, acknowledge and deliver to the County and to its predecessor an instrument accepting such appointment hereunder and agreeing to be bound by the terms hereof, and thereupon the resignation or removal of the predecessor shall become effective and such successor, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Agent herein; but, nevertheless, on Written Request of the County or the request of the successor, the predecessor shall execute and deliver an instrument transferring to such successor all rights, powers and escrow property of the predecessor. Upon request of any such successor, the County shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor all such rights, powers and duties. No successor shall accept appointment as provided herein unless at the time of such acceptance such successor shall be eligible under the provisions of Section 3.8 hereof.

Any corporation into which the Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Agent shall be a party, or any corporation succeeding to the business of the Agent, shall be the successor of the Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor shall be eligible under the provisions of Section 3.8 hereof.

SECTION 3.12 Payment to Agent. The County agrees to pay the Agent, as reasonable and proper compensation under this Agreement, the sum of $____, payable annually. The Agent shall be entitled to reimbursement of all advances, counsel fees and expenses, and other costs made or incurred by the Agent in connection with its services and/or its capacity as Agent or resulting therefrom. In addition, the County agrees to pay to the Agent all out-of-pocket expenses and costs of the Agent incurred by the Agent in the performance of its duties hereunder, including all publication, mailing and other expenses associated with the redemption of the Outstanding Bonds; provided, however, that the County agrees to indemnify the Agent and hold it harmless against any liability which it may incur while acting in good faith in its capacity as Agent under this Agreement, including, but not limited to, any court costs and attorneys' fees, and such indemnification shall be paid from available funds of the County and shall not give rise to any claim against the Escrow Fund.

ARTICLE IV.
MISCELLANEOUS

SECTION 4.1 Amendments to this Agreement. This Agreement is made for the benefit of the County, the holders from time to time for the Outstanding Bonds, and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Agent and the County; provided, however, that the County and the Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Agreement;

(b) to grant to, or confer upon, the Agent for the benefit of the holders of the Outstanding Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Agent; and

(c) to subject to this Agreement additional funds, securities or properties.

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

Notwithstanding the foregoing or any other provision of this Agreement, upon Written Request and upon compliance with the conditions hereinafter stated, the Agent shall have the power to and shall, in simultaneous transactions, sell, transfer, otherwise dispose of or request the redemption of the Government Securities held hereunder and to substitute therefor direct obligations of, or obligations the principal of and interest on which are fully guaranteed by the United States of America, subject to the condition that such monies or securities held by the Agent shall be sufficient to pay principal of and interest on the Outstanding Bonds. The County hereby covenants and agrees that it will not request the Agent to exercise any of the powers described in the preceding sentence in any manner which will cause the Refunding Bonds to be arbitrage bonds within the meaning of Section 148 of the Code in effect on the date of such request and applicable to obligations issued on the issue date of the Refunding Bonds. The Agent shall purchase such substituted securities with the proceeds derived from the maturity, sale, transfer, disposition or redemption of the Government Securities held hereunder or from other monies available. The transactions may be effected only if there shall have been submitted to the Agent: (1) an independent verification by a nationally recognized independent certified public accounting firm concerning the adequacy of such substituted securities with respect to principal and the interest thereon and any other monies or securities held for such purpose to pay when due the principal of and interest on the Outstanding bonds in the manner required by the proceedings which authorized their issuance[; and (2) an opinion from nationally recognized bond counsel to the effect that the disposition and substitution or purchase of such securities will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Refunding Bonds not to be exempt from Federal income taxation]. Any surplus monies resulting from the sale, transfer, other disposition or redemption of the Government Securities held hereunder and the substitutions therefor of direct obligations of, or obligations the principal of and interest on which is fully guaranteed by, the United States of America, shall be released from the Escrow Fund and shall be transferred to the County.

SECTION 4.2 Severability. If any provision of this Agreement shall be held or deemed to be invalid or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

SECTION 4.3 Governing Law. This Agreement shall be governed and construed in accordance with the law of the State of Tennessee.

SECTION 4.4 Notices. Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by Registered or Certified Mail, postage prepaid, or sent by telegram as follows:

To the County:

Blount County, Tennessee
341 Court Street
Maryville, TN 37804
Attn: Director of Accounts & Budgets

To the Agent:

____
____
____
Attn: Corporate Trust

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

SECTION 4.5 Agreement Binding. All the covenants, promises and agreements in this Agreement contained by or on behalf of the parties shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 4.6 Termination. This Agreement shall terminate when all transfers and payments required to be made by the Agent under the provisions hereof shall have been made.

SECTION 4.7 Execution by Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

(signature page follows)

IN WITNESS WHEREOF, the County and the Agent have caused this Agreement to be executed all as of the day and date first above written.

BLOUNT COUNTY, TENNESSEE

By: ____
County Mayor

____
County Clerk

____
Escrow Agent

By: ____
Title: ____

EXHIBIT A TO REFUNDING ESCROW AGREEMENT

Debt Service Schedule of [list refunded bonds], With Name and Address of the Paying Agent and Date and Amount of Payment

Payment Date	Principal Payable	Interest Payable	Premium	Total Debt Service
TOTAL				

Paying Agent: __________________
____

EXHIBIT B TO REFUNDING ESCROW AGREEMENT

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

Total Cost of Securities: $_________________
Initial Cash Deposit: $_________________

EXHIBIT C TO REFUNDING ESCROW AGREEMENT

NOTICE OF REDEMPTION
BLOUNT COUNTY, TENNESSEE

NOTICE IS HEREBY GIVEN that Blount County, Tennessee (the "County"), has elected to and does exercise its option to call and redeem on _________________ the County's outstanding bonds (the "Outstanding Bonds") as follows:

[name of refunded bonds]

Maturity Date	Principal Amount	Interest Rate	CUSIP No.

The owners of the above-described Outstanding Bonds are hereby notified to present the same to the offices of _________, __________, __________, where redemption shall be made at the redemption price of par, plus interest accrued to the redemption date:

The redemption price will become due and payable on _________________, upon each such Bond herein called for redemption and such Bond shall not bear interest beyond _________________.

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

____
Registration and Paying Agent

EXHIBIT C

STATE REPORT ON PLAN OF REFUNDING

20402826.4