

HOUSE BILL 2998

By Bricken

AN ACT to amend Chapter 553 of the Acts of 1903; as amended by Chapter 395 of the Acts of 1905; Chapter 405 of the Acts of 1907; Chapter 468 of the Private Acts of 1917; Chapter 200 of the Private Acts of 1919; Chapter 105 of the Private Acts of 1931; Chapter 460 of the Private Acts of 1931; Chapter 700 of the Private Acts of 1931; Chapter 334 of the Private Acts of 1943; Chapter 252 of the Private Acts of 1951; Chapter 513 of the Private Acts of 1951; Chapter 376 of the Private Acts of 1955; Chapter 277 of the Private Acts of 1959; Chapter 40 of the Private Acts of 1963; Chapter 39 of the Private Acts of 1963; Chapter 194 of the Private Acts of 1965; Chapter 238 of the Private Acts of 1967; Chapter 233 of the Private Acts of 1972; Chapter 241 of the Private Acts of 1974; Chapter 311 of the Private Acts of 1974; Chapter 171 of the Private Acts of 1974; Chapter 337 of the Private Acts of 1974; Chapter 248 of the Private Acts of 1976; Chapter 71 of the Private Acts of 1977; Chapter 233 of the Private Acts of 1978; Chapter 135 of the Private Acts of 1979; Chapter 59 of the Private Acts of 1979; Chapter 70 of the Private Acts of 1981; Chapter 353 of the Private Acts of 1982; Chapter 48 of the Private Acts of 1983; Chapter 81 of the Private Acts of 1983; Chapter 86 of the Private Acts of 1983; Chapter 115 of the Private Acts of 1986; Chapter 124 of the Private Acts of 1991; Chapter 161 of the Private Acts of 1992; Chapter 35 of the Private Acts of 1995; Chapter 93 of the Private Acts of 1997; Chapter 76 of the Private Acts of 1997; Chapter 40 of the Private Acts of 2005; Chapter 102 of the Private Acts of 2008; Chapter 105 of the Private Acts of 2008; Chapter 103 of the Private Acts of 2008; Chapter 104 of the Private Acts of 2008; Chapter 54 of the Private Acts of 2016; Chapter 30 of the Private Acts of 2017; Chapter 17 of the Private Acts of 2021; Chapter 39 of the Private Acts of 2022; and any other acts amendatory thereto, relative to the charter for the City of Tullahoma.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Chapter 553 of the Acts of 1903, as amended by Chapter 395 of the Acts of 1905, Chapter 405 of the Acts of 1907, Chapter 468 of the Private Acts of 1917, Chapter 200 of the Private Acts of 1919, Chapter 105 of the Private Acts of 1931, Chapter 460 of the Private Acts of 1931, Chapter 700 of the Private Acts of 1931, Chapter 334 of the Private Acts of 1943,

Chapter 252 of the Private Acts of 1951, Chapter 513 of the Private Acts of 1951, Chapter 376 of the Private Acts of 1955, Chapter 277 of the Private Acts of 1959, Chapter 40 of the Private Acts of 1963, Chapter 39 of the Private Acts of 1963, Chapter 194 of the Private Acts of 1965, Chapter 238 of the Private Acts of 1967, Chapter 233 of the Private Acts of 1972, Chapter 241 of the Private Acts of 1974, Chapter 311 of the Private Acts of 1974, Chapter 171 of the Private Acts of 1974, Chapter 337 of the Private Acts of 1974, Chapter 248 of the Private Acts of 1976, Chapter 71 of the Private Acts of 1977, Chapter 233 of the Private Acts of 1978, Chapter 135 of the Private Acts of 1979, Chapter 59 of the Private Acts of 1979, Chapter 70 of the Private Acts of 1981, Chapter 353 of the Private Acts of 1982, Chapter 48 of the Private Acts of 1983, Chapter 81 of the Private Acts of 1983, Chapter 86 of the Private Acts of 1983, Chapter 115 of the Private Acts of 1986, Chapter 124 of the Private Acts of 1991, Chapter 161 of the Private Acts of 1992, Chapter 35 of the Private Acts of 1995, Chapter 93 of the Private Acts of 1997, Chapter 76 of the Private Acts of 1997, Chapter 40 of the Private Acts of 2005, Chapter 102 of the Private Acts of 2008, Chapter 105 of the Private Acts of 2008, Chapter 103 of the Private Acts of 2008, Chapter 104 of the Private Acts of 2008, Chapter 54 of the Private Acts of 2016, Chapter 30 of the Private Acts of 2017, Chapter 17 of the Private Acts of 2021, Chapter 39 of the Private Acts of 2022, and any other acts amendatory thereto, that being the charter for the City of Tullahoma, is amended by deleting Chapter 553 of the Acts of 1903, as amended, and substituting the following:

Article I. Incorporation.

Section 1. Incorporation. The City of Tullahoma, lying in Coffee and Franklin counties, and the inhabitants thereof, be, and are hereby constituted a body politic and corporate under and by the name and style of "The City of Tullahoma," and by that name shall have perpetual succession, and by said corporate name may sue and be sued, contract and be contracted with, grant, receive, purchase and hold real estate, mixed and personal property, and dispose of the same for the use and benefit of said City, and may have and use a common seal and change the same at pleasure.

Section 2. Corporate Limits. The corporate boundaries of the City of Tullahoma are as contained in prior charters and in annexation ordinances or other lawful annexation schemes, which are recorded and kept in the City Recorder's office of the city; said boundaries are herewith reaffirmed. Extensions of the corporate boundaries shall be as provided by future annexation action in accordance with state law.

Section 3. Legislative and Supervisory Power. The legislative and supervisory power of the city is vested in the Board of Mayor and Aldermen elected under this charter. The Board of Mayor and Aldermen shall consist of the Mayor and six (6) members, chosen by the qualified voters of the city. The city shall be managed by a City Administrator.

Article II. Governing Body.

Section 1. Eligible Voters. Eligible voters shall be persons who are qualified to vote for members of the General Assembly and who have resided in the City's corporate limits for a time sufficient to be qualified voters in accordance with state law and shall be qualified to vote in a City election or referendum. Persons who reside outside the City's corporate limits, but who are residents of Coffee, Franklin, Bedford or Moore counties and who own, within the City's corporate limits, at least fifty percent (50%) freehold interest in real property, commercial or residential, and assessed for real estate tax purposes for five thousand dollars (\$5,000) or more, shall be qualified to vote in a City election or referendum. However, no more than two (2) persons, based upon the ownership of an individual tract of property regardless of the number of property owners shall be permitted to vote. Such election shall be held as now and as may hereafter be provided by state law for such elections.

Section 2. Board Residency. The legislative and supervisory powers of the City of Tullahoma shall be exercised by and vested in the Board of Mayor and Aldermen of said City. The governing body of the City of Tullahoma consists of the Mayor and six (6) Aldermen, each and all of whom shall be residents of the City as defined by state law, as

set forth in Tennessee Code Annotated, Section 2-2-122, and qualified voters of the City.

Section 3. Elections of the Board of Mayor and Aldermen. Elections are held on the first Tuesday after the first Monday in November of each even-numbered year. The membership on the Board of Mayor and Aldermen on the effective date of this act shall remain in place until each member's term expires and the board is reelected pursuant to this Section 3.

Section 4. Term of Office. The terms of the Mayor and two (2) Aldermen elected on the first Thursday in August 2020 shall be extended from the first Thursday in August 2023 until the first Tuesday after the first Monday in November 2024, or until their successors are elected and qualified. This will result in an increase of approximately fourteen (14) months in the terms of the Mayor and Aldermen elected in August 2020. Thereafter, elections will be held for these seats for a four-year term beginning with the elections held in November 2024.

The terms of the two (2) Aldermen elected on the first Thursday in August 2018 shall be extended from the first Thursday in August 2021 until the first Thursday in August 2022, or until their successors are elected and qualified. This will result in an increase of approximately twelve (12) months in the terms of the Aldermen elected in August 2018.

The terms of office of the two (2) Aldermen elected in August 2019 shall not be affected nor extended.

The terms of the three (3) candidates who received the highest number of votes in the August 2022 election shall be extended from the first Thursday in August 2026 until the first Tuesday after the first Monday in November 2026, or until their successors are elected and qualified. Elections will be held for these seats every four (4) years.

The term of the candidate who received the fourth highest number of votes in August 2022 shall be extended from the first Thursday in August 2024 until the first

Tuesday after the first Monday in November 2024, or until their successors are elected and qualified. Thereafter, elections will be held for this seat every four (4) years beginning with the elections held in November 2024.

Section 5. Mayor. No person shall be elected Mayor who is not at the time of his/her election a citizen of the State of Tennessee and a bona fide resident of the City. When two (2) or more persons shall have an equal number of votes for the office of Mayor, the election shall be decided by the majority of the votes of the board-elect. It shall be the duty of the Mayor to preside at all meetings of the Mayor and Aldermen, to see that all the ordinances of the City are duly enforced, respected and observed within the City, and to call special sessions of the board when the mayor may deem it expedient. The Mayor may vote on any question, ordinance, or resolution coming before the Board of Mayor and Aldermen.

Section 6. Mayor Pro Tem. The Board of Mayor and Aldermen shall elect by majority vote of the Board annually at the second meeting in November following an election, or the first meeting following this time if there is no second meeting in November, one (1) of the Aldermen to act as Mayor in the event of the temporary absence or illness of the mayor. The Mayor Pro Tem shall have all the power and authority conferred by law upon the Mayor during such temporary absence or illness, and the Board shall elect said temporary mayor without waiting for any such absence or illness, but may provide in advance for such a contingency.

Section 7. Board of Aldermen. No person shall be an Alderman unless they are a citizen of the State of Tennessee and a bona fide resident of the City for which the person is elected. Any Alderman, after his/her election removing the Alderman from the Board, thereby vacates his/her office. The Mayor or any four (4) members of the Board of Mayor and Aldermen may call special meetings of the Board upon public notice being given at least three (3) days prior to the date of the meeting and upon at least seventy-two (72) hours written or electronic notification to each member of the Board.

Section 8. Board Vacancies. In the event of the vacancy by reason of the death, resignation, or removal of the Mayor or any one (1) or more of the Aldermen, the Board shall have the power to fill the vacancy or vacancies by majority vote of said Board of Mayor and Aldermen and said vacancies are to be filled until the next regular municipal election. Any appointment required pursuant to this section shall be made by majority vote of the Board of Mayor and Aldermen within forty-five (45) days of any vacancy. Individuals appointed shall be residents, as defined by Tennessee Code Annotated, Section 2-2-122, and qualified voters of the City.

Section 9. Oath of Office. Prior to entering into their respective duties, the Mayor and the Aldermen shall each take an oath before a Judge or some other person authorized by law to administer oaths that they will honestly and faithfully discharge the duties of the office in which they will serve, without partiality, favor or affection.

Section 10. Compensation. The Board of Mayor and Aldermen is authorized to set the salary of the Mayor and members of the Board by ordinance. The salary of the Mayor and members of the Board may not be altered prior to the end of the term for which such person was elected.

Section 11. Quorum. In order to transact business, a quorum of the members of the Board of Mayor and Aldermen must be present. A quorum of any meeting shall consist of at least four (4) Board members.

Section 12. Ordinances. All ordinances shall be approved on two (2) separate readings, at least one (1) vote to be approved by a majority of the entire Board, and all yeas and nays thereon shall be recorded. All ordinances shall be read and passed in at least one (1) regularly scheduled meeting of the Board but may be voted on once in a special called meeting. Only the captions of any ordinance need be read. Copies of the entire text of all ordinances shall be furnished to members of the Board of Mayor and Aldermen prior to the meetings at which they shall be read. The caption of each ordinance shall be placed in the official minutes of the Board of Mayor and Aldermen

upon final passage. On readings prior to the final reading, only the caption shall be placed in the minutes of the City. Resolutions need not be read in their entireties but only the resolution's number and its caption and a brief explanation need be read at official Board meetings. However, the complete text of all resolutions shall be made available to members of the Board prior to the meeting at which same shall be read. The caption of all resolutions shall be placed in the official minutes of the Board of the meeting at which same are read. After passage, each ordinance shall be signed by the mayor and signed by the City Recorder.

Section 13. Ordinances after abolishment. That all ordinances and resolutions of the former corporation of Tullahoma which were in force at the date of the abolishing of the charter of said former corporation are hereby declared to be in full force and effect as the ordinances and resolutions of the corporation created by this act, until such time as the same shall be repealed, altered or amended by the Board of Mayor and Aldermen created by this act.

Section 14. Appointments of Boards and Agencies. The Board of Mayor and Aldermen, as the appointing authorities for members of the Tullahoma Utilities Authority, Industrial Development Board of the City of Tullahoma, Tennessee, Tullahoma Area Economic Development Corporation, Tullahoma Municipal-Regional Planning Commission, Tullahoma Housing Authority, Tullahoma Board of Education (vacancies only), the Tullahoma Municipal-Regional Airport Authority, the Duck River Utility Commission, in accordance with state law and the entities' creation documents, are hereby empowered to remove any of these members of these boards or commissions, where removal provisions are not provided for under state law. The appointed member serves at the will of the appointee. If appointed by the Mayor, then the mayor may remove the appointee. If appointed by the Board of Aldermen, the Board may vote to remove the appointee. The Board of Aldermen may remove a Mayor's appointee by a

super-majority vote of the Board, in accordance with state law and the entities' creation documents.

Section 15. Code of Ethics. The City of Tullahoma shall, by ordinance, adopt a Code of Ethics pursuant to Tennessee Code Annotated, Section 8-17-103, as said Ordinance is enacted and amended from time to time.

Article III. Municipal Authority Generally.

Section 1. General Powers. The Board of Mayor and Aldermen may make all ordinances necessary and proper for executing the powers, rights and privileges specified in this act, and make all ordinances that they deem necessary for the good order, health, good government and general welfare of the City of Tullahoma, and also for the protection and preservation of any property of the City, and enforce such ordinances by proper fine or other penalties.

The Board of Mayor and Aldermen shall manage and control the finances and all property of the corporation, real, personal and mixed, and may:

- (1) Assess, levy, and collect taxes upon all property and privileges within its limits which are or shall be taxable by state law, and to assess, levy and collect taxes on any and all subjects or objects of taxation, either for general or special purposes, not expressly forbidden by state law;
- (2) Adopt such classifications with reference to all subjects or objects of taxation, not otherwise expressly prohibited by law;
- (3) Make special assessments against abutting or adjoining property for local improvements;
- (4) Contract and be contracted with;
- (5) Incur debts by borrowing money or otherwise, and give any appropriate evidence thereof, in the manner herein provided;
- (6) Issue and give, sell, pledge or in any manner dispose of, negotiable or nonnegotiable interest-bearing or noninterest-bearing bonds, warrants,

promissory notes or orders of the City, upon the credit of the City or solely upon the credit of specific property owned by the City or solely upon the credit income derived from any property used in connection with any public utility owned or operated by the City, or solely upon the credit of the proceeds of special assessments for local improvements, or upon any two (2) or more such credits;

(7) License and regulate all persons and firms, corporations, companies and associations engaged in any business, occupation, calling, profession, or trade so long as such licensure or regulation is not forbidden by state law;

(8) Expend the revenues, monies and property of the City for all lawful municipal purposes;

(9) Purchase, acquire, receive and hold, maintain, improve, sell, lease, mortgage, pledge or otherwise dispose of property, real or personal, or any estate or interest therein, either within or without the city or state;

(10) Establish, open, locate, relocate, vacate, alter, abandon, widen, extend, grade, improve, repair, construct, maintain, light, sprinkle and clean public highways, streets, alleys, boulevards, parks, squares, bridges, culverts, sewers, drains and public grounds and properties within or without the corporate limits, and to regulate the use thereof;

(11) Construct and reconstruct, improve and re-improve by opening, extending, widening, grading, curbing, guttering, paving, graveling, macadamizing, draining or otherwise improving any streets, highways, avenues, alleys or other public properties within the corporate limits, and to assess a portion of the cost of such improvements upon the property abutting upon or adjacent to such streets, highways, avenues, alleys or other public properties;

(12) Prevent and restrain breaches of the peace, fighting, drunkenness or disorderly conduct, and to prevent and punish all disturbances, disorderly assemblages in any streets, house or place in the City;

(13) Remove all obstruction from the streets, alleys and sidewalks and curbstones within the corporation, or have the same done, and to prevent and remove all obstructions and encroachments into or upon all or any streets, pavements, alleys or sidewalks within the corporate limits;

(14) Regulate, tax, license or suppress the keeping or running-at-large of animals within the City, to impound the same, and in default of redemption to otherwise dispose of the same;

(15) Acquire, own, erect, build, construct, maintain and operate, or to sell, lease, mortgage, pledge or otherwise dispose of any public utility, or any estate or interest therein, or property, real or personal, used in connection therewith, or any utility of service to the City, its inhabitants, or any part thereof;

(16) Grant to any person, firm, corporation or association franchises for public utilities and public services to be furnished to the City and its inhabitants. The power to grant franchises shall include the power to grant exclusive franchises, and whenever an exclusive franchise is granted, it shall be deemed as exclusive not only as against any other person, firm, corporation, or association, but also as against the City itself. Franchises may be granted for the period of twenty-five (25) years, but not longer, and the City is fully empowered to prescribe and regulate in each grant of a franchise, the rates, fares, charges and other regulations that may be made by the grantee of the franchise. Franchises may, by their terms, apply only to the territory within the corporate limits at the dates of the franchises, or to the territory as said limits may thereafter be enlarged, and to the then-existing streets, alleys and other thoroughfares, or to any other streets, alleys, and other thoroughfares that thereafter may be opened;

(17) Make contracts with any person, firm, corporation or association for public utilities and public services to be furnished to the City and its inhabitants. The power to make contracts shall include the power to make exclusive

contracts, and when an exclusive contract is entered into, it shall be deemed as exclusive not only against any other person, firm, corporation or association, but also as against the City itself. Such contracts may be entered into for the period of twenty-five (25) years or less, but not longer, and the City is fully empowered to prescribe in each such contract entered into, the rates, fares, charges and regulations that may be made by the person, firm, corporation or association with whom the contract is made. Such contracts may, by their terms, apply to the territory within the corporate limits of the City at the date of the contract, and as said corporate limits thereof may be enlarged, and to the then-existing streets, alleys, and thoroughfares, and to any other streets, alleys or other thoroughfares that thereafter may be opened;

(18) Prescribe reasonable regulations regarding the construction, maintenance, equipment, operation and service of public utilities, and compel, from time to time, reasonable extensions of facilities for such services, but nothing herein shall be construed to permit the alteration or impairment of any of the terms or provisions of any exclusive franchise granted, or any exclusive contract entered into under this subdivision (18) and subdivision (19);

(19) To secure and promote the health of the inhabitants of the City by any lawful means; to regulate or prevent the carrying on of any business or occupation within the corporation which may be detrimental to the public health; and to declare, prevent or abate nuisances on public or private property, and the cause thereof;

(20) Prohibit, by ordinance, any act, thing or offense now, or that may hereafter be declared a misdemeanor under state law as authorized under Tennessee Code Annotated, Section 16-18-302(a)(2), and to provide for the punishment of the same;

(21) Effectually exercise the right of eminent domain, and to condemn property, real or personal, or any easement, interest, estate or use therein, either within or without its territorial limits, for present or future public use, such right of eminent domain to be exercised in any such manner as may be lawfully provided;

(22) Regulate the location, bulk, occupancy, area, lot, location, height, construction and materials of all buildings and structures, and inspect all buildings, lands and places as to their condition for health, cleanliness and safety, and when necessary, prevent the use thereof and require any alteration or changes necessary to make them healthful, clean and safe;

(23) To establish schools, to purchase or otherwise acquire land for schoolhouses, playgrounds and other purposes connected with the schools; to purchase or erect all necessary buildings and to do all other acts necessary to establish, maintain, and operate a complete educational system within the City; and to take any other action to the extent allowed by state law;

(24) Erect and maintain a jail, and to provide for the regulation and governance thereof;

(25) The right to provide "telecommunications service" to any person, firm, corporation or any other user or consumer of telecommunications service as defined herein below. The term "telecommunications" or "telecommunications service" means the offering of telecommunications for a fee directly to the public, or to such class of users as to be effectively available directly to the public regardless of the facilities used, including, but not limited to, voice, data, and video transmissions, load control, meter reading, appliance monitoring, power exchange, billing or any other telecommunications service that may be provided, as allowed by law, including servicing and repairing related equipment; and

(26) Have and exercise all lawful powers, which now or hereafter would be lawful to specifically enumerate herein, as fully and effectually as though said powers were specifically enumerated herein.

Section 2. Powers not exclusive. The enumeration of the particular powers in this article is not exclusive, nor restrictive of general words or phrases granting such powers, nor shall a grant or failure to grant powers in this article impair the powers granted in any subsequent article or section of this charter, and whether powers, objects or purposes are expressed conjunctively or disjunctively, they shall be construed so as to permit the City to exercise freely any one (1) or more of such powers as to any or more such objects for any one (1) or more such purposes.

Section 3. Exemption of property from taxation prohibited. The Board of Mayor and Aldermen shall possess no power and is hereby expressly forbidden to exempt any property of any kind or character whatsoever, or any person, firm, corporation, or association, from taxation, unless such property or person, persons, firm, corporation or association is exempted from taxation for state or county purposes under state law in such cases made and provided.

Article IV. Officers and Employees.

Section 1. Board Authority. The Mayor and Aldermen shall appoint department heads of the corporation. However, such appointments must be made in agreement with any recommendation made by the City Administrator. The City Administrator shall supervise department heads and have the authority to discharge a department head but the department head may appeal the decision in accordance with the City of Tullahoma personnel policy.

Section 2. City Administrator.

(a) There is hereby created the office of City Administrator of the City of Tullahoma. The Board of Mayor and Aldermen of the City of Tullahoma may

appoint and fix the salary of said administrator, who shall serve at the pleasure of the Board of Mayor and Aldermen.

(b) The City Administrator shall be selected solely on the basis of training, experience, and other administrative qualifications.

(c) The City Administrator shall give full time to the duties of his/her office.

(d) The City Administrator shall execute a bond with good and sufficient security, if requested by the Board.

(e) The City of Tullahoma personnel policy shall govern the terms of employment of the City Administrator, unless the Board of Mayor and Aldermen enter into a contract with the City Administrator.

(f) It shall be the duty of the City Administrator to supervise and coordinate all administrative activities of each department under the control of the Board of Mayor and Aldermen in accordance with an organizational chart adopted by the Board of Mayor and Aldermen. The City Administrator shall also have the following duties with respect to the administration of the affairs of the City under the control of the Board of Mayor and Aldermen:

(1) To make recommendations to the Board of Mayor and Aldermen for improving the quality and quantity of public services to be rendered by the City to the citizens thereof;

(2) To keep the Board of Mayor and Aldermen fully advised as to the conditions and needs of the City;

(3) To direct the enforcement of all personnel rules, regulations and personnel policies that may be adopted by the Board of Mayor and Aldermen;

(4) To act as purchasing agent in accordance with the policies, rules and regulations established by the Board of Mayor and Aldermen

and to recommend changes in such policies, rules and regulations as deemed necessary to establish effective procedures;

(5) To review, approve and recommend to the Board of Mayor and Aldermen an annual budget for each department of the City;

(6) To perform such other duties as may be established by the Board of Mayor and Aldermen; and

(7) To hire, supervise, discipline and discharge all City personnel in accordance with the City of Tullahoma personnel policy and this document.

(g) The City Administrator shall have the original authority and jurisdiction to execute and deliver all notices, orders, and other documents necessary for the enforcement of all ordinances of the City, and may delegate said authority to various personnel, including, but not limited to, department heads. Anywhere in the code of ordinances where reference is made to the sending of notices, the enforcement of ordinances, and other matters of an administrative nature where reference is made to a particular official of the City of Tullahoma having the authority to do so, said provisions shall be amended to delete therefrom the authority of said designated official and substituted therefor shall be City Administrator with the provisions that said authority may be delegated by said City Administrator to said designated official or another employee of the City of Tullahoma. All provisions in conflict herewith are hereby repealed.

Section 3. City Attorney. The Board of Mayor and Aldermen may select, appoint and contract with or employ an attorney at law, who shall be duly licensed to practice in Tennessee and whose license shall be in good standing, to be designated and act as City Attorney, and who shall have such duties and responsibilities as are prescribed by the Board and set forth in a contract entered into between the attorney and the City. The

Board may, from time to time, also obtain the services of such additional attorneys at law as it deems necessary and appropriate.

Section 4. Chief of Police. The Chief of Police, or any police officer of the City of Tullahoma shall have the power to execute, within the corporate limits of the City, state warrants and other processes that law enforcement officers generally have the power to execute, and shall also have the power and authority to immediately arrest without warrant and take into custody any person who commits or attempts to commit in an officer's presence, or within the officer's view, any breach of the peace or offense prohibited by state law, and without delay, upon such arrest, convey such offender or offenders before the proper officer in accordance with state law.

It shall be the duty of the Police Chief or any police officer or member of the police department of the City of Tullahoma to preserve order in the City; to protect the inhabitants and property owners therein from violence, crime and all criminal acts; to prevent the commission of crime, violence, violations of the law and of the City ordinances; to perform general police duties; and to execute and return all lawful processes, notices and orders.

The Chief of Police and the police officers are hereby empowered to serve and execute process in accordance with the requirements of Tennessee Code Annotated, Title 6, Chapter 54, Part 3, and any other applicable provision of state law.

The Chief of Police, and all police officers of the City, are hereby authorized either within or outside of the corporate limits of the City, to serve and execute all process that may be issued by the Court in any proceeding instituted for the enforcement of the ordinances of the City or punishment for the violation thereof, for the collection of any fine, penalty or forfeiture that may be incurred under the ordinances of the City.

Section 5. City Recorder.

The City Recorder:

(a) Has duties as may be defined by ordinance;

(b) Shall give bond as may be prescribed;

(c) Or the City Recorder's designee shall have custody of, and preserve in the City Recorder's office, the City seal, the public records, original rolls of ordinance, ordinance books, minutes of the Board, contracts, bonds, title deeds, certificates, and papers, all official indemnity or security bonds, and all other bonds, oaths and affirmations and all other records, papers, and documents not required by this charter or by ordinance to be deposited elsewhere, and register them by numbers, dates and contents, and keep an accurate and modern index thereof. All such records shall be the property of the City; and

(d) Shall provide, copy, and, when required by any officer or person, certify copies or records, papers and documents of the City pursuant to state law. Fees for copying and certification shall be charged as established by ordinance.

Section 6. Director of Finance.

(a) The Director of Finance shall perform all the duties required of the Director by ordinance, rules, or regulations of the Board of Mayor and Aldermen, or by state law.

(b) All invoices for purchases made for the City shall be kept with all other records furnished for that purpose, and all shall be kept under the charge of the Director of Finance. The Director shall also perform any other service in connection with the Finance Department of the City.

Article V. Finance.

Section 1. Fiscal Year. Unless otherwise provided by ordinance, the City shall operate on a fiscal year beginning July 1 and ending June 30 of each year.

Section 2. Budget. The adoption of an annual budget shall be a prerequisite to the appropriation of money for municipal purposes and the levy of property taxes.

Section 3. Occupancy Privilege Tax. The Board of Mayor and Aldermen of the City of Tullahoma, is hereby empowered to levy, by ordinance, a privilege tax upon the privilege of occupancy in any "hotel", as that term is defined in Tennessee Code Annotated, Section 67-4-1401, of each transient in an amount not to exceed five percent (5%) of the consideration charged by the operator of such hotel. The privilege tax shall be levied and administered in the same manner as that provided in Tennessee Code Annotated, Title 67, Chapter 4, Part 14, subject to the limitations imposed in Section 67-4-1425.

Article VI. Taxation and Revenue.

Section 1. Subjects and objects of taxation. The City of Tullahoma is hereby expressly empowered to assess, levy and collect taxes upon all property and privileges within its limits, which are or shall hereafter be taxable by state law, and to assess, levy and collect taxes on any and all subjects or objects of taxation, either for general or special purposes, not expressly prohibited by state law.

Section 2. City Recorder. The assessment, levy and collection of taxes and special assessments shall be under the general supervision and control of the City Recorder, as designated by the Board, subject to the limitations of this charter.

Section 3. Tax levy. It shall be the duty of the City Recorder, as soon as the assessment roll in each year is ready for the extension of taxes, to produce the same or a true copy thereof before the Board of Mayor and Aldermen and to certify the total amount of valuation or assessment of the taxable property within the limits of the City. The Board shall thereupon proceed to make the proper levy to meet the expenses of the City for the fiscal year, and cause the levy to be entered upon the tax list of the current year.

Section 4. Utility assessment. The City Recorder shall obtain from the Tennessee Public Utility Commission an assessment roll showing all property, real, personal and mixed assessed by it, which, together with the assessment roll made by the county tax assessor, shall as soon as practicable in each year be inserted into a tax book similar in form to that required by state law. Such tax book, when certified to be true, correct and complete by the City Recorder, as designated by the Board, shall be the assessment for taxes in the City for all municipal purposes; provided, however, that there may be an assessment by the City Recorder at any time of any property subject to taxation, found to have been omitted, and such assessment shall be duly noted and entered on the assessment books of the City.

Section 5. Basis upon which property shall be taxed and collected. All property, real, personal and mixed, that is subject to state, county and municipal taxes, and all persons liable for privileges taxable by law, when the same shall have become duly assessed for taxation shall be the basis upon which property shall be taxed and taxes collected by the City of Tullahoma for municipal purposes.

Section 6. Tax due date. All taxes shall be due and payable at such times as may be provided by ordinance or by state law, but unless otherwise provided by ordinance or such state law, the same shall be due and payable on the first day of October of the year for which the taxes are assessed.

Section 7. Interest. Interest shall accrue on the first day of March of the year following that for which taxes are remaining unpaid, or as established from time to time by state law.

Section 8. Distress warrants collection. After taxes assessed against personal property become delinquent, the tax books in the hands of the City Recorder shall have the force and effect of a judgment and execution from a court of record, and the City Attorney or City Tax Attorney shall have the power to issue distress warrants, in the name of the City of Tullahoma, to enforce the collection of said taxes against the person

owning the property for which the taxes are assessed, and shall be ample authority for all lawful authorities having such delinquent taxes for collection to distrain and sell a sufficient amount of the personal property to satisfy the delinquent taxes, interest, penalties, costs, and attorneys' fees.

Section 9. Delinquent tax collections.

(a) All municipal taxes on real estate within the City of Tullahoma, and all penalties, interest and costs accruing thereon, are hereby declared to be a lien on the real estate from and after the last day of February of the year after which the same are assessed, before the last day of February of the next calendar year. For the purpose of enforcing the collection of the taxes and liens securing the same, the Board of Mayor and Aldermen may direct the City Recorder or other designee as directed by the Board, to certify to the City Attorney or City Tax Attorney for collection a list of all real estate upon which municipal real and personal property taxes remain due and unpaid, and the same shall be sold in like manner and upon the same conditions as real estate is sold for delinquent state and county taxes. Or, the Board of Mayor and Aldermen may, by proper action, direct the appropriate attorney to institute separate actions to enforce the collection of delinquent taxes due the City, in which event the City Recorder or other designee, as directed by the Board, shall certify a list of all real estate upon which municipal real and personal property taxes remain due and unpaid to the tax collection attorney, who in turn shall file proper bills to enforce the liens of taxes due the City under state law, or any future laws.

(b) When taxes upon real estate and personal property become delinquent in the office of the City Recorder of the City of Tullahoma, the same shall bear interest per annum, and in addition a penalty at the maximum amount allowed by state law.

(c) All taxes due to the City shall become delinquent on March 1 of each year following the calendar year for which they were assessed, and at least ten (10) days before the taxes become delinquent the City Recorder of the City of Tullahoma shall cause to be published in a newspaper of general circulation in Coffee County, once a week for two (2) consecutive weeks, a warning to taxpayers as follows:

Warning to Taxpayers:

After March 1, unpaid taxes bear interest and in addition a penalty as allowed by state law. Taxes may be paid at my office, but a list of unpaid taxes shall before March 1 be delivered to officers and/or the City Tax Attorney for collection, at the cost of the Taxpayer.

The City Recorder of the City of Tullahoma.

(d) Immediately following the first of January of each year and before the first of February, the City Recorder of the City shall cause to be published once a week for two (2) consecutive weeks in the month of January a notice as follows:

To Delinquent Taxpayers:

You are advised that after February 1, additional penalties and costs will be imposed in consequence of suits to be filed for enforcement of the lien for taxes against land; until the filing of such suits, taxes may be paid at my office.

The City Recorder of the City of Tullahoma.

The cost of the advertisement is to be paid by the City. After the publication of the aforesaid notice and after the date of February 1, the City Recorder shall deliver the delinquent tax list of all unpaid taxes to the City Attorney or to the City Tax Attorney of the City of Tullahoma, and it shall be the duty of said attorney to at once proceed and file suits in the chancery court of

Coffee County and Franklin County for the collection of all said delinquent land taxes.

(e) Upon the filing of suits to enforce the tax lien, an additional penalty in the maximum amount as allowed by state law upon all delinquent land taxes shall accrue and the same shall be imposed upon the amount due from any delinquent tax owed to the City, which penalty shall be devoted to the enforcement of the procedure of said suits and shall be allowed to the attorney filing the suits as compensation for the attorney's services. The Sheriff or officer serving the subpoena in Chancery Court shall receive, as costs to be taxed against each delinquent, a fee for serving all original process and the statutory fees for all other services performed by the Sheriff or officer, as provided by state law. The Clerks of the Courts shall receive, for their services, the statutory fees allowed the Clerks under state law.

(f) The City Attorney or the City Tax Attorney shall, after February 1 and not later than March 1, file suits in the Chancery Court of Coffee County for the collection of delinquent land taxes due the City, together with the interest, penalties and costs attached thereto. Such taxes, interest, and penalties and costs are declared a lien upon the lands against which the taxes were assessed, and for the enforcement of this lien said suits shall be brought in the name of the City, and the bills shall be in substance and form as are other bills for the enforcement of liens, and the fact that the bills contain names of more than one (1) defendant shall not be considered by the court to be multifarious, or a misjoinder of parties. Such suits shall be prosecuted according to the rules of procedure of Chancery Court and all lands imposed with the lien for taxes, interest, penalties and costs, shall be subject to a sale under such proceedings, when the amount due is decreed, and the Court shall order a sale of such land so as to provide that such land shall be sold for cash subject to the equity of

redemption. At all sales the City, or some officer acting for it, may bid for said property the debt decreed to be due for taxes, interest, penalties and costs, incident to the collection thereof, where no other party offers the same or a larger bid. The proceeds from such sale shall be applied:

(1) First, to the payment of the ten percent (10%) penalty allowed for compensation to the attorney for preparing suits;

(2) Second, to the costs, including title search fees; and

(3) Third, as directed by law.

(g) The equity of redemption provided in this act shall be as allowed as prescribed by state law, the usual one (1) year right of redemption, and that after the one (1) year shall have expired, the purchaser of any property sold under this act, if the same shall not be redeemed within one (1) year, shall be vested with a good and indefeasible title in fee simple to said property.

(h) A default may be taken and entered of record against any one (1) defendant included in a bill and the cause proceeded with against any one (1) or more defendants, to a final judgment, for a sale of the property without affecting the right of the other parties to the suit.

(i) Any defendant, after filing of the suit, may have the sale dismissed as to the defendant's property by paying into the Clerk and Master the amount of taxes due from the defendant, together with interest, penalties and such court and other costs as may have accrued against the defendant, in consequence of the filing of such suits.

(j) In the event of sale under the decree of the court all property shall be advertised in one (1) sale notice, which notice shall set out the names of the owners of the different parcels of land and description of each property, and the amount of the judgment against each defendant, and said advertisement may be by publication in a newspaper or otherwise as the court may decree.

Section 10. Improvement and service liens. The Board of Mayor and Aldermen shall have the authority in like manner to file bills in the Chancery Court of Coffee County and Franklin County for the collection of assessments and levies made for payment of improvements or service in said City, such as paving, sidewalk, curbing, gutters, sewers and other improvements for which assessments may be made under this charter, the cost of which is made a charge on property owners abutting said improvements and a lien on abutting property, the suits thus commenced to be conducted as other suits in chancery for the enforcement of similar liens.

Section 11. Business Regulation. No person or persons, firm or corporation, shall exercise any occupation, business or employment taxable as a privilege, as provided for in this act, without first obtaining a license from the City Recorder and paying the specified tax laid thereon. Any party or parties, firm or corporation, that violates this section shall be fined an amount that does not exceed state authorized maximums.

Section 12. Sales Tax School Bond Sinking Fund. There is hereby recognized the previous establishment of a School Bond Sinking Fund created from the deposit of sales tax revenues thereto, for the purpose of setting aside funds necessary to amortize debt incurred for capital school projects. The sums in said fund, as it now exists, and hereafter, shall be dedicated and utilized by the Board of Education of the City of Tullahoma, and/or the Board of Mayor and Aldermen of the City of Tullahoma, solely for debt service for the retirement of Bonds whose proceeds were used for City Schools capital improvements. Therefore, the funds in this Sinking Fund are hereby dedicated solely for the purpose of debt service for general obligation bond issues whose proceeds were used for City Schools capital improvements. These funds shall not be diverted for any other purposes, whether educational or otherwise. No cap shall be placed upon the sums representing said fund.

Section 13. Electric System.

(a) In the interpretation of this act, the following definitions of terms shall apply:

(1) Electric system. The electric system of the Tullahoma Utilities Authority, including all tangible and intangible property and resources of every kind and description used or held for use in the purchase, transmission, distribution and sale, but not the generation, of electric energy;

(2) Net plant value. The depreciated original cost of the tangible property, as shown on the books of the Electric System, including materials and supplies, used and held for use in the transmission and distribution of electric energy;

(3) Tax equivalent. The amount transferred to the general fund of, or otherwise provided to, the City of Tullahoma from the revenues of its Electric System as payments in lieu of taxes or other charges on the Electric System; and

(4) Fiscal year. Twelve months beginning July 1 and ending June 30 of each year.

(b) Allocation of funds. After a tax equivalent is transferred to the general fund of, or otherwise provided to, the City, the City shall distribute to the Counties in which the City's Electric System is located the amount seven and one-half percent (7.5%) of said tax equivalent to be allocated among the counties in proportion to the net plant value of the Electric System located within each County and paid into the general fund of each County.

(c) Power lines and services. It is expressly forbidden and shall be unlawful for any public and/or private utility, firm, partnership, association and/or corporation, or any person, other than the Tullahoma Utilities Authority and the Tennessee Valley Authority, to extend any electric power line or lines, and/or

electric power services for the purposes of furnishing electricity to consumers, into and within the corporate boundary lines of the City of Tullahoma as herein and hereby established.

(d) The Board of Mayor and Alderman for the City of Tullahoma shall have full power and authority to pass all ordinances necessary to health, convenience, safety and general welfare of the inhabitants to have and exercise all powers which now are or hereafter would be competent for this charter to specifically enumerate, as fully and completely as though said powers were specifically enumerated herein and no enumeration of particular powers by this charter shall be held to be exclusive; to construct, purchase, acquire, by condemnation or otherwise, lease, own, operate and maintain an electric power plant and distribution system, telecommunications system, water pumping plant and distribution system, sewage disposal system, and/or any other utilities, or any estate or interest therein or part thereof or the use of any such utility to furnish the product or service of any said utilities for its own uses and purposes and to the general public within or without the City; to fix and regulate the charges of such products and services; the right to sell, lease, mortgage, pledge or otherwise dispose of any said utilities or any part thereof; the right to purchase electric power, telecommunications, gas, water or other products for distribution, for the use of the City and for sale to the general public, and to make all contracts and to do all things in regard to any of such things that may appear advisable for the City; the right to provide "telecommunications service" to any person, firm, corporation or any other user or consumer of telecommunications service as defined hereinbelow; to expend funds of other utility systems for the construction, acquisition, operation, maintenance and improvement of telecommunications facilities, provided such is permitted by state law; and prevent and remove nuisances; to establish night watch and patrol; to ascertain, when necessary, the

boundaries and location of streets, lots and alleys; to restrain and prohibit gaming; to provide for licensing and regulating theatrical and other public exhibitions of shows and performances in the limit of said City; to regulate and restrain disorderly assemblies, riots, drunkenness, profane swearing or obscene language or behavior; to levy and collect taxes upon all such property and privileges as are taxable by state law; to appoint and organize fire companies, and to enact such laws and ordinances as may be necessary to guard against fire; to impose and appropriate fines and forfeitures for any breach of their by-laws and ordinances; to provide for grading, graveling and paving streets, alleys and sidewalks, the removal of obstructions and suppression of all disorderly conduct whereby the citizens of said City shall be disturbed or their safety in danger; to impose proper punishment for the cruelty to animals, to elect a recorder, and to pass all such laws and ordinances necessary to carry the intent and meaning of this act into effect, provided they are not incompatible with state law.

The Mayor and Aldermen of the City of Tullahoma are hereby authorized and empowered to grant to persons, firms, and corporations the right to use and occupy such highways or parts of highways in said town, for such time, upon such terms and conditions, and for such purposes as deemed proper by the Mayor and Aldermen; provided, the use and occupancy so granted does not interfere with the public use of the highways or become a nuisance.

The Mayor and Aldermen of the City of Tullahoma are hereby authorized and empowered to contract with railroad corporations by ordinance for the elevation or depression of railroad tracks crossing streets and alleys, and for the construction of subways and viaducts under or over such tracks, and in making such contracts to open, close and abolish such streets and alleys as may be necessary and said corporation is further authorized and empowered to grant to

railroad corporations the privilege of construction of railroad tracks across streets for the purpose of providing spur tracks to manufacturing or other industrial enterprises.

The term "telecommunications" or "telecommunications service" means the offering of telecommunications for a fee directly to the public, or to such class of users as to be effectively available directly to the public regardless of the facilities used, including, but not limited to, voice, data, and video transmissions; load control; meter reading; appliance monitoring; power exchange; billing; or any other telecommunications services that may be provided, as allowed by law, including servicing and repairing related equipment.

(e) The City is authorized to transfer to the Tullahoma Utilities Authority (the "Authority"), as created by the Private Acts of the State of Tennessee (the "Tullahoma Utilities Authority Act"), all its right, title, and interest in and to all the assets in the City's water, wastewater, electric, and telecommunications systems currently under the jurisdiction and control and being operated and maintained for the City by the Tullahoma Utilities Board, including all real and personal property, tangible or intangible, and any right or interest in any such property, whether or not subject to mortgages, liens, charges, or other encumbrances, and all appurtenances, contracts, leases, franchises, and other intangibles. The transfer shall be authorized by resolution of the Board of Mayor and Aldermen, adopted on one (1) reading, and shall be accomplished through documents and instruments authorized by the resolution and executed by such officers of the City as shall be designated by the resolution. A transfer to the Authority in accordance with the terms hereof shall not be deemed a disposition of assets for purposes of Tennessee Code Annotated, Section 7-52-132.

(f) Notwithstanding Article VI, Section 13(c) of the City charter, the City is hereby authorized, by resolution of the Board of Mayor and Aldermen, to grant a

franchise to the Authority to provide within the corporate limits of the City any and all of the services that it is authorized to provide under applicable law, upon such terms and conditions as shall be prescribed by the Board of Mayor and Aldermen.

(g) Upon the Tullahoma Utilities Authority Act becoming effective and upon adoption of the resolution of the Board of Mayor and Aldermen referred to in the Tullahoma Utilities Authority Act, the jurisdiction and control of the systems of the City shall be transferred to the Authority. If such transfer has not occurred and the city bonds as defined in the Tullahoma Utilities Authority Act have not been defeased or retired by the Authority or the obligation for payment therefor assigned to the Authority by July 31, 2018, then all provisions of this charter, existing prior to this amendment thereto set forth herein, relating to the provisions of electric, telecommunications, water, and wastewater services by the Tullahoma Utilities Board shall remain in full force and effect and the provisions of this charter relating to the Tullahoma Utilities Authority shall no longer be effective.

Article VII. Court.

Section 1. City Court and City Judge.

(a) A City Court is hereby established. The City Court shall be presided over by a City Judge.

(b) The City Judge is hereby vested with concurrent jurisdiction with General Sessions in all cases of the violation of the criminal laws of the State, and also with full power and authority to try and punish all persons guilty of violations of the ordinances of the Mayor and Aldermen of said City; provided, said violation takes place within the corporate limits of said City of Tullahoma.

(c) The City Judge shall issue warrants in the name of the City of Tullahoma for the arrest of all offenders for offenses created by this act or any

lawful ordinance of said City, and the judge shall try the same and impose fines and penalties and enforce the collection and payment of the same as provided by law.

(d) In addition to the powers and duties hereinafter enumerated, the City Judge shall be vested with concurrent jurisdiction, rights, authority, duties and powers with the judges of the General Sessions Courts of Coffee and Franklin counties in all cases of violation of criminal laws committed within the corporate limits of the City of Tullahoma. The judge shall have the power to bind over to the grand jury for indictment all persons who are accused of committing felonies in the City.

(e) The City Clerk shall keep a complete docket of all matters coming before him/her in his/her judicial capacity. The docket shall include for each defendant such information as his/her name, warrant and/or summons numbers, alleged offense, disposition, fines, penalties, and costs imposed and whether collected, and all other information that may be relevant.

Section 2. Election, Compensation, and Qualifications of City Judge.

(a) The City Judge of the City of Tullahoma shall be elected in accordance with state law.

(b) The compensation of the City Judge shall be as is established by the Board of Mayor and Aldermen by ordinance.

(c) The City Judge shall have duties and powers as are prescribed by the Code of the City of Tullahoma, and by any ordinances enacted pursuant thereto.

(d) The City Judge shall be a practicing attorney in good standing, admitted to practice before the courts of the State of Tennessee, and shall be a resident of the City of Tullahoma.

(e) In the event that the City Judge of the City of Tullahoma should die during office or should resign during office, then a successor shall be selected by

the Board of Mayor and Aldermen of the City of Tullahoma to fill the unexpired term by nomination and election. The nominee receiving the largest number of votes by the Board of Mayor and Aldermen of the City of Tullahoma shall be elected to fill said unexpired term. Said nominee shall have the same qualifications as required for the City Judge by this section.

(f) If, for any reason, the elected City Judge may be absent from the City or unable to act as such on a temporary basis, then the City Judge shall be empowered to designate a judge pro tempore for a specific period of time by order entered in the docket book of the court.

(g) The City Recorder or other employee may serve as the Clerk of the Municipal Court to take and account for the money received by the City Court, maintain the docket, and any and all other records and clerical work to be performed in conjunction with the Office of the City Judge by issuing an order to the effect and entering same in the docket book of the court.

Section 3. Duties and Powers of Judge.

(a) Issuance of arrest warrants. The City Judge shall have the power to issue warrants for the arrest of persons charged with violating municipal ordinances, and shall have the power to issue search warrants.

(b) Issuance of summons. When a complaint of an alleged ordinance violation is made to the City Judge, the judge may in his/her discretion, in lieu of issuing an arrest warrant, issue a summons ordering the alleged offender to personally appear before the City Court at a time specified therein to answer to the charges against the alleged offender. The summons shall contain a brief description of the offense charged but need not set out verbatim the provisions of the ordinance alleged to have been violated. Upon failure of any person to appear before the City Court as commanded in a summons lawfully served on

him/her, the cause may be proceeded with ex parte, and the judgment of the court shall be valid and binding subject to the defendant's right of appeal.

(c) Issuance of subpoenas. The City Judge may subpoena as witnesses all persons whose testimony the judge believes will be relevant and material to matters coming before his/her court, and it shall be unlawful for any person lawfully served with such a subpoena to fail or neglect to comply therewith.

(d) Trial and disposition of cases. Every person charged with violating a municipal ordinance shall be entitled to a speedy trial and disposition of his/her case, provided the City Court is in session or the City Judge is reasonably available.

(e) Appearance bonds authorized. When the City Judge is not available or when an alleged offender requests and has reasonable grounds for a delay in the trial of his/her case, the alleged offender may, in lieu of remaining in jail pending disposition of his/her case, be allowed to post an appearance bond with the City Judge, or, in the absence of the judge, with the ranking police officer on duty at the time, provided such alleged offender is not in need of protective custody.

(f) Imposition of fines, penalties, and costs. All fines, penalties, and costs shall be imposed and recorded by the City Judge on the City Court docket in open court. In all cases heard or determined by him/her, the City Judge shall tax in the bill of costs the same amounts and for the same items allowed by state law for similar work in state cases.

(g) Appeals. Any defendant who is dissatisfied with any judgment of the City Court against him/her may, within ten (10) days next after such judgment is rendered, appeal to the next term of the circuit court upon posting a proper appeal bond.

(h) Bail. All provisions set forth in Tennessee Code Annotated, Title 40, Chapter 11, currently in force, and as amended from time to time, shall apply to the City Court of the City of Tullahoma.

(i) Disposition and report of fines, penalties and costs. All funds coming into the hands of the City Judge in the form of fines, penalties, costs, and forfeitures shall be recorded by him/her and paid over daily to the City. At the end of each month, the judge shall submit to the governing body a report accounting for the collection or non-collection of all fines, penalties, and costs imposed by his/her court during the current month and to date for the current fiscal year.

(j) Disturbance of proceedings. It shall be unlawful for any person to create any disturbance of any trial before the City Court by making loud or unusual noises, by using indecorous, profane, or blasphemous language, or by any distracting conduct whatsoever.

(k) Issuance of arrest warrants, summons and subpoenas. In addition to the powers vested in the City Judge of the City of Tullahoma regarding the issuance of arrest warrants, summons and subpoenas, the Board of Mayor and Aldermen may, from time to time, vest said powers in an officer or officers to be selected as is hereinafter set out, who shall be known as the municipal judicial officer, and deputy municipal judicial officers, and who shall be empowered to issue warrants, summons and subpoenas. Said judicial officers shall be selected in the following manner: the Board of Mayor and Aldermen shall, upon the enactment hereof and at such time thereafter as vacancies should occur, select by the nomination and election process, a judicial officer, or a deputy judicial officer, as the case may be, to serve until such time as the officer is replaced. The deputy municipal judicial officer shall serve in the absence of said judicial officer. The term of office of said judicial officer and any deputy judicial officer

shall be established by the Board of Mayor and Aldermen from time to time by ordinance, which ordinance shall also prescribe the methods and causes of removal from office; compensation; selection criteria; additional powers and duties; qualifications; and such other matters relating to said officer as the Board of Mayor and Aldermen shall deem to be wise, from time to time, not inconsistent with this act.

(l) Litigation tax. A litigation tax is authorized, the amount of said tax to be established by state law. Said tax to be assessed as part of the costs in all criminal actions filed in the City (Municipal) Court of the City of Tullahoma. The Clerk of such Court shall collect the litigation tax and transmit it to the general fund of the City of Tullahoma. The revenue from such tax shall be appropriated for the construction, improvements, renovation, or maintenance of jail facilities in the City of Tullahoma, as well as for any and all administrative expenses of any nature whatsoever relative to maintenance of the City (Municipal) Court of the City of Tullahoma.

Article VIII. Recall Provisions.

Section 1. Power of Recall. Except as otherwise provided by law, the people of the City may recall any elected local official and may exercise this power by filing in accordance with the requirements set forth by state law.

Section 2. Petition Requirements. Petitions shall be signed by at least fifteen percent (15%) of those registered to vote in the City or county. The disqualification of one (1) or more signatures shall not render a petition invalid, but shall disqualify such signatures from being counted toward the statutory minimum number of signatures required in this section.

Section 3. Recall Election. If the petition is certified by the county election commission, ballots used at recall elections shall, with respect to each person whose removal is sought the question shall be submitted:

Shall (name of elected official) be removed from office?

Article IX. Election of Board of Education.

Elections for the Board of Education commencing in the year 2024 shall coincide with the November general election. The term of office for each member of the Board of Education shall be extended from August until the member's successor is elected and qualified at the next November general election following the expiration of his/her term. Each elected member of the Board of Education shall be elected to a four-year term.

Article X. Tullahoma Utilities Authority.

Section 1. This act shall be known and may be cited as the "Tullahoma Utilities Authority Act."

Section 2. As used in this act, unless the context clearly requires otherwise:

(1) "Acquire" means to construct or to acquire by purchase, lease, lease-purchase, devise, gift, exercise of the power of eminent domain, or exercise of any other mode of acquisition;

(2) "Authority" means the Tullahoma Utilities Authority created by this act;

(3) "Board" means the board of directors of the authority;

(4) "Bonds" means bonds, interim certificates, notes, debentures, lease-purchase agreements, loan agreements, and all other evidences of indebtedness either issued by or the payment of which has been assumed by the authority;

(5) "City" or "City of Tullahoma" means the City of Tullahoma, Tennessee;

(7) "City Bonds" means bonds of the City of Tullahoma issued to finance or refinance any of the systems, as more fully described herein;

(6) "City Board" means the legislative body of the City of Tullahoma;

(8) "Dispose" means to sell, lease, convey, or otherwise transfer any property or any interest in property of the authority;

(9) "Division" means a department of the authority that deals with the operation, maintenance, and provision of services of a specific system or systems, as hereinafter defined;

(10) "Electric Service" means the furnishing of electric power and energy for lighting, heating, power, or any other purpose for which electric power and energy can be used;

(11) "Energy" means any and all forms of energy no matter how or where generated or produced;

(12) "Federal Agency" means the United States of America, the president of the United States of America, the Tennessee Valley Authority, and any other authority, agency, instrumentality, or corporation of the United States of America heretofore or hereafter created by or pursuant to any act or acts of the Congress of the United States;

(13) "Improve" means to construct, reconstruct, improve, repair, extend, enlarge, or alter;

(14) "Improvement" means any improvement, extension, betterment, or addition to any system;

(15) "Mayor" means the Mayor of the City of Tullahoma;

(16) "Municipality" means any county or incorporated city or town within or outside the State;

(17) "Person" means any natural person, firm, association, corporation, limited liability company, business trust, or partnership;

(18) "President" means the President and Chief Executive Officer of the authority;

(19) "Refunding Bonds" means bonds of the authority issued to refund all or any part of bonds of the authority or the City bonds, as more fully described herein;

(20) "Short Springs Property" means that certain tract or parcel of land consisting of approximately one hundred ninety (190) acres located in the 5th Civil District of Coffee County, Tennessee, over which the Tullahoma Utilities Board exercises jurisdiction and control and maintains as a backup water supply source;

(21) "State" means the state of Tennessee;

(22) "System" means any plant, works, system, facility, property, or parts thereof, together with all appurtenances thereto, used or useful in connection with the furnishing of any of the services and commodities authorized to be provided herein, including generation or production facilities, transmission facilities, storage facilities, distribution and collection facilities, and all real and personal property of every nature comprising part of or used or useful in connection with the foregoing, and all appurtenances, contracts, leases, franchises, and other intangibles relating to the foregoing;

(23) "Telecommunications Service" means the offering of telecommunications for a fee directly to the public, or to such class of users as to be effectively available directly to the public regardless of the facilities used, including, but not limited to, telephone, cable television, voice, data, and video transmissions, video programming, internet access and related services, load control, meter reading, appliance monitoring, power exchange, and billing, or any other telecommunications services that may be provided, as allowed by law, including servicing and repairing related equipment;

(24) "Tullahoma Utilities Board" means the Board of Public Utilities of the City of Tullahoma;

(25) "Wastewater Service" means the collection, transportation, and treatment of water discharged from residential, commercial, industrial, or other processes for final discharge to the environment; and

(26) "Water Service" means the procurement, treatment, and distribution of water for domestic use or any other purpose for which water can be used.

Section 3. A governmental authority, to be known as the Tullahoma Utilities Authority, is hereby created and constituted. The authority shall be a public corporation in perpetuity under the corporate name of the Tullahoma Utilities Authority and shall, under that name, be a political subdivision of the state and a body politic and corporate. The authority is created for the purpose of planning, acquiring, constructing, improving, furnishing, equipping, financing, owning, operating, and maintaining water, wastewater, telecommunications, and electric utility systems within or outside the corporate limits of the City, and such other utility systems as a municipal water, wastewater, telecommunications, or electric utility is authorized by state law to own or operate.

Section 4. The authority shall have the power and is authorized, effective immediately upon the effective date of this act, either by itself or jointly with one (1) or more persons, municipalities, or federal agencies, or with the state, or with one (1) or more agencies or instrumentalities of the state or any municipality:

- (1) To sue and be sued;
- (2) To have a seal and alter the same at the authority's pleasure;
- (3) To acquire, construct, improve, furnish, equip, finance, own, lease, operate and maintain, within or outside the corporate limits of the City, a system for the furnishing of water service and to provide water service to any person, governmental entity, or other user or consumer of water services within or outside the City; provided, the system shall be operated as a separate system independent of and separate from the other systems of the authority and managed by the water division of the authority (except as otherwise provided herein); and provided, further, the authority shall not exercise any of the powers granted in this subdivision (3) wholly or partly within the legal boundaries of an incorporated city or town or a utility district incorporated pursuant to the Utility

District Law of 1937, compiled in Tennessee Code Annotated, Title 7, Chapter 82, or any other municipality, without the consent of the governing body of such city, town utility district, or municipality except as allowed by law and unless such services were being provided in such area by the Tullahoma Utilities Board at the time of the effective date of this act;

(4) To acquire, construct, improve, furnish, equip, finance, own, lease, operate, and maintain, within or outside the corporate limits of the City, a system for providing wastewater service to any person, governmental entity, or other user or consumer of wastewater services within and outside the City; provided, the system shall be operated as a separate system independent of, and separate from, the other systems of the authority and managed by the wastewater division of the authority (except as otherwise provided herein); and provided, further, the authority shall not exercise any of the powers granted in this subdivision (4) wholly or partly within the legal boundaries of an incorporated city or town or a utility district incorporated pursuant to the Utility District Law of 1937, compiled in Tennessee Code Annotated, Title 7, Chapter 82, or any other municipality, without the consent of the governing body of such city, town, utility district, or municipality except as allowed by law and unless such services were being provided in such area by the Tullahoma Utilities Board at the time of the effective date of this act;

(5) To acquire, construct, improve, furnish, equip, finance, own, lease, operate, and maintain, within or outside the corporate limits of the city, a system for the furnishing of electric service and to provide electric service to any person, governmental entity, or other user or consumer of electric services within or outside the City; provided, the system shall be operated as a separate system independent of, and separate from, the other systems of the authority and managed by the electric division of the authority (except as otherwise provided

herein); and provided, further, the authority shall not exercise any of the powers granted in this subdivision (5) wholly or partly within the legal boundaries of an incorporated city or town or electric cooperative, without the consent of the governing body of such city, town, electric cooperative, or municipality except as allowed by law and unless such services were being provided in such area by the Tullahoma Utilities Board at the time of the effective date of this act;

(6) To acquire, construct, improve, furnish, equip, finance, own, lease, operate, and maintain, within and outside the corporate limits of the City, a system for the furnishing of telecommunications service, and to provide telecommunications service to any person, governmental entity, or other user or consumer of telecommunications services within or outside the City; provided, the system shall be operated as a separate system independent of, and separate from, the other systems of the authority; and provided, further, to the extent that the authority, or any joint venture, partnership, or cooperative arrangement of which the authority is a party, or any limited liability company or not-for-profit corporation of which the authority is a member provides retail telephone or telegraph services, the authority, or such other entity, shall be subject to regulation by the Tennessee public utility commission in the same manner and to the same extent as other certified providers of such services, including, without limitation, rules or orders governing anti-competitive practices, and shall be considered as and have the duties of a public utility, as defined in Tennessee Code Annotated, Section 65-4-101, but only to the extent necessary to effect such regulation and only with respect to the authority's provision of telephone and telegraph services; and provided, further, that the authority shall have all the powers and authority conferred upon municipalities by state law, including, without limitation, Tennessee Code Annotated, Title 7, Chapter 52, Parts 4 and 6, and in the exercise of said powers and authority shall be subject to all the

obligations, restrictions, and limitations imposed upon municipalities by state law, including said sections as the same may be amended from time to time, including state law and imposed upon providers of the services described therein by federal law; provided, that all actions authorized by said sections to be taken by the board or supervisory body having responsibility for a municipal electric plant or authorized to be taken by the chief legislative body of the municipality shall be authorized to be taken by the board of the authority and all powers granted to a municipal electric system under said sections shall be exercised by the electric division of the authority; and provided further, that notwithstanding Section 5 hereof, the telecommunications system shall not be combined with any of the other systems. Notwithstanding any provision of this act to the contrary, the authority shall be subject to the territorial limitations set forth in Tennessee Code Annotated, Section 7-52-601, as the same may be amended from time to time, in the same manner and to the same extent as such limitations apply from time to time to a municipal electric system providing services pursuant to Tennessee Code Annotated, Section 7-52-601;

(7) To fix, levy, charge, and collect such fees, rents, tolls, or other charges for the use of, or in connection with, any system of the authority as shall be consistent with the provision of the services or sale or other disposition of the commodities provided by the various utilities authorized herein at reasonable cost based on sound economy, public good, and prudent business operations, which fees, rents, tolls, or charges shall be established by the board without the necessity of review or approval by the City, any other municipality, the state, or any commission or authority thereof or any federal agency other than as provided in applicable federal statutes or contracts and other than as provided in subdivision (6); provided, however, that whenever any of such fees, rents, tolls, or other charges, other than such charges as shall be regulated pursuant to

subdivision (6) are to increase, notice of the intended increase shall be published in a newspaper of general circulation in the area served by the authority, and the increase shall not be effective until thirty (30) days from and after the date of publication of the notice;

(8) To acquire, hold, own, lease to or from persons, municipalities, the state, state agencies, or federal agencies, and to dispose of property, real and personal, tangible and intangible, or interests therein, in its own name, subject to mortgages or other liens or otherwise, including this act, with respect to the disposition of the Short Springs Property, and to pay therefore in cash or on credit through installment payments, and to secure the payment of all or any part of any installment obligations in connection with any acquisition;

(9) To have complete control and supervision of any system of the authority and to make such rules and regulations governing the rendering of service thereby as may be just and equitable;

(10) To contract debts, borrow money, issue bonds, and enter into lease purchase agreements to acquire, construct, improve, furnish, equip, extend, operate, or maintain any system or systems, or any part thereof, or to provide the authority's share of the funding for any joint undertaking or project, and to assume and agree to pay any indebtedness incurred for any of the foregoing purposes;

(11) To accept gifts or grants of money or property, real or personal, and voluntary and uncompensated services or other financial assistance from any person, the City, federal agency, the state or any state agency, or municipality, for, or in aid of, the acquisition or improvement of any system;

(12) To condemn either the fee or such right, title, interest, or easement in property as the board may deem necessary for any of the purposes mentioned in this act, and such property or interest in such property may be so acquired

whether or not the same is owned or held for public use by corporations, associations, or persons having the power of eminent domain, or otherwise held or used for public purposes, and such power of condemnation may be exercised in the mode or method of procedure prescribed by Tennessee Code Annotated, Title 29, Chapter 16, or in the mode or method of procedure prescribed by any other applicable statutory provisions now in force or hereafter enacted for the exercise of the power of eminent domain; provided, however, that where title to any property sought to be condemned is defective, it shall be passed by decree of court; provided further, that where condemnation proceedings become necessary, the court in which such proceedings are filed shall, upon application by the authority and upon the posting of a bond with the clerk of the court in such amount as the court may deem commensurate with the value of the property, order that the right of possession shall issue immediately or as soon and upon such terms as the court, in its discretion, may deem proper and just; provided further, that nothing contained in this subdivision (12) shall be construed as granting the authority the power to condemn property owned by the City, the Board of Education of the City, and/or any other agency of the City holding title to real property;

(13) To make and execute any and all contracts and instruments necessary or convenient for the full exercise of the powers herein granted, and in connection therewith to stipulate and agree to such covenants, terms, and conditions and such term or duration as shall be appropriate, including, but without limitation, contracts for the purchase or sale of any of the commodities or services authorized herein to be provided by the authority, and carry out and perform the covenants, terms, and conditions of all such contracts and instruments. In connection with any contract to acquire or sell any of the commodities or services authorized herein, the authority may enter into

commodity price exchange or swap agreements, agreements establishing price floors or ceilings, or both, or other price hedging contracts with any person or entity under such terms and conditions as the authority may determine, including, without limitation, provisions permitting the authority to indemnify or otherwise pay any person or entity for any loss of benefits under such agreement upon early termination thereof or default thereunder. When entering into any such contract or arrangement or any such swap, exchange, or hedging agreement evidencing a transaction bearing a reasonable relationship to this state and also to another state or nation, the authority may agree in the written contract or agreement that the rights and remedies of the parties thereto shall be governed by the laws of this state or the laws of such other state or nation; provided, that jurisdiction over the authority shall lie solely in the courts of Coffee County, Tennessee;

(14) To sell, exchange, or interchange any of the commodities or services authorized to be provided herein either within or outside the state and to establish prices to be paid for such commodities or services and establish pricing structures with respect thereto, including provision for price rebates, discounts, and dividends; and, in connection with any such sales, exchanges, or interchanges, to act as agent for such consumers, to secure contracts and arrangements with other entities or persons, to make contracts for the sale, exchange, interchange, pooling, transmission, distribution, or storage of any of the commodities or services authorized to be provided herein, inside or outside this state, and to transmit, transport, and distribute any such commodities or services both for itself and on behalf of others;

(15) To make contracts and execute instruments containing such covenants, terms, and conditions as may be necessary, proper, or advisable for the purpose of obtaining loans from any source, or grants, loans, or other

financial assistance from the state, any state or federal agency, the City, or any municipality and to carry out and perform the covenants and terms and conditions of all such contracts and instruments;

(16) To enter on any lands, waters, and premises for the purpose of making surveys, soundings, and examinations in connection with the acquisition, improvement, operation, or maintenance of any system and the furnishing of any of the services herein;

(17) To provide to the City, any municipality, person, federal agency, the state, or any agency or instrumentality thereof, transportation and storage capacity for any of the commodities or services authorized herein, and management and purchasing services associated therewith;

(18) To employ, engage, retain, and pay compensation to such officers, agents, consultants, professionals, and employees of the authority as shall be necessary to operate the systems, manage the affairs of the authority, and otherwise further the purposes of the authority and the exercise of the powers thereof, and to fix their compensation and to establish a program of employee benefits, including a retirement system;

(19) To establish a retirement system for all employees of the authority and to maintain all rights and benefits of employees as they existed under the retirement system of the Tullahoma Utilities Board without diminution and to participate in the Tennessee Consolidated Retirement System in accordance with Tennessee Code Annotated, Title 8, Chapter 35, Part 2;

(20) To enter into joint ventures and cooperative arrangements with one (1) or more persons, including the formation of a partnership, limited liability company, or not-for-profit corporation to accomplish any of the purposes set forth herein or to exercise any of the powers set forth herein and to act jointly with the City, any municipality, the state, or a state or federal agency in the exercise of

the powers enumerated herein; provided, however, that the records of any joint venture or other business arrangement shall be open to the public in accordance with Tennessee Code Annotated, Title 10, Chapter 7, and the meetings of such joint venture or other business arrangement shall be subject to Tennessee Code Annotated, Title 8, Chapter 44;

(21) Upon the effective date of this act and upon proper action by the City, to commence operating the systems, to exercise exclusive control and direction of the systems, and to accept title to the assets and assume the liabilities of the systems;

(22) To contribute its funds for the financial aid of any nonprofit charitable organization or nonprofit civic organization, as such terms are defined in Tennessee Code Annotated, Section 6-54-111; and

(23) To do any and all acts and things herein authorized or necessary or convenient to carry out the powers expressly given in this act under, through, or by means of its own officers, agents, and employees, or by contracts with any person, federal agency, or municipality.

Section 5. Each system of the authority shall operate independently of the others and shall be self-sustaining, except insofar as the board may, by resolution, combine any of the systems which, in the opinion of the board, shall be advisable and economical and that by state or any federal laws or any contracts or indentures are not required to be operated separately.

Section 6.

(a) The affairs of the authority and the exercise of the powers of the authority shall be vested in the board. The following powers shall be exercised directly by the board by resolution of the board:

(1) Selection and employment of the president of the authority, who shall serve at the pleasure of the board and whose compensation

shall be set by the board. All other officers and employees of the authority shall be selected, employed, and discharged pursuant to procedures approved by the president;

(2) Issuance of bonds of the authority and the encumbering of assets of the authority, to the extent authorized herein, to secure any such bonds;

(3) Approval of rates of each of the systems, except for minor changes to electric rates resulting from Tennessee Valley Authority fuel costs adjustments, which may be made by the president;

(4) Approval of the annual budget of each of the systems;

(5) Adoption of by-laws for the conduct of the business of the board;

(6) Selection of a certified public accountant or accountants to perform audits of the books and affairs of the authority; and

(7) Adoption of a purchasing policy for the authority as hereinafter provided and the approval of purchases and disposition of property in accordance with the terms thereof.

(b) All other powers of the authority shall be exercised by the president and the officers, agents, and employees of the authority, unless the board, acting by resolution, shall revoke the delegation of any such powers.

Section 7.

(a) The board of the authority shall consist of five (5) directors, one (1) of whom shall be a member of the City Board, and be appointed by the Mayor of the City, and four (4) of whom shall be elected by the City Board.

Notwithstanding the foregoing, the initial board shall be composed of those members currently serving on the board of directors of the Tullahoma Utilities Board, who shall serve as directors for the unexpired terms of their appointment

and who shall take office and begin exercising the powers herein granted immediately upon the effective date of this act. All subsequent appointments shall be for a one (1) year term for the director appointed by the mayor and shall be for five (5) year terms for the directors elected by the City Board. Each term of office shall commence on September 1 and end on August 31 of the last year of the respective term. The Mayor of the City shall fill each vacancy, however created, in the position of directors appointed by the Mayor and, as to positions for directors elected by the City Board, such vacancies shall be filled by election of the City Board prior to an expected vacancy, or the expiration of that term of office of any such director, or as soon as possible as vacancies arise. Such appointment by appointees of the Mayor to be effective immediately, and appointments by City Board appointees to be effective immediately or on the following August 31, whichever is appropriate. Except as provided in Section 8 hereof, each director shall hold office until such director's successor is appointed, approved, and qualified, and each director shall be eligible for reappointment. A director having served two (2) consecutive terms, whether full or partial, will be ineligible for reappointment for a period of one (1) year.

(b) Immediately upon its qualification as a board, and in September of each subsequent year, the board shall select from the board's membership a chairman and vice-chairman. No additional compensation shall be paid to a director for serving as chairman or vice-chairman. The board shall have a recording secretary, who need not be a member of the board and who shall be appointed by the president, subject to the approval by the board. The recording secretary shall record all minutes of the board, keep and maintain all books and records of the board, and perform such duties as the president shall determine.

(c) The board shall hold regular monthly meetings and special meetings as may be necessary for the transaction of the business of the authority. Special

meetings of the board may be called by the chairman or, in the absence or disability of the chairman, by any board member. No meeting of the board shall be held unless a majority of the directors are present. All acts of the board shall be by a vote of three (3) or more directors. Resolutions of the board shall be effective upon adoption after one (1) reading and may be adopted at the same meeting at which they are introduced. The time and place of all meetings will be set by the board. The compensation of directors for serving on the board shall be in an amount fixed by resolution of the board.

(d) Each director shall be:

- (1) A resident of the City and be a customer of the authority; and
- (2) At least twenty-five (25) years of age.

Each director shall be bonded in the sum of ten thousand dollars (\$10,000), with good security, conditioned to faithfully perform the duties of the office, and shall take and subscribe an oath or make affirmation to uphold the Constitution and laws of the state and to faithfully discharge the duties of the office. No director shall be an employee of the authority or the City. No more than one (1) director may be a member of the City Board, who shall be appointed by the mayor in accordance with subsection (a) .

(e) Directors shall be entitled to receive allowances for necessary traveling and other expenses while engaged in the business of the authority, including allowances for attending board meetings. Allowances for attending board meetings shall not exceed the maximum authorized by Tennessee Code Annotated, Section 7-52-110, as the same may be amended from time to time.

Section 8. Any director may be removed from office for cause whether appointed by the Mayor or elected by the City Board, as provided for in Article II, Section 14 of the charter of the City.

Section 9.

(a) The board shall appoint a president, as provided herein, who shall be chief executive officer of the authority and who shall be qualified by training and experience for the general management of the acquisition, improvement, and operation of the business and affairs of the authority. The salary of the president shall be fixed by the board. The president shall serve at the pleasure of the board. The authority is authorized to enter into an employment contract with the president.

(b) Within the limits of the funds available therefore and subject to exercise by the board of the powers reserved to it pursuant to Section 6 hereof, all powers of the authority granted herein shall be exercised by the president and the various officers and employees of the authority.

(c) The president shall have charge of the management and operation of the systems and the enforcement and execution of all rules, regulations, programs, plans, and decisions made or adopted by the board.

(d) The president shall appoint each system division head and all officers of the authority, all of whom shall serve at the pleasure of the president, and the president shall be responsible for maintaining an adequate work force for the authority and establishing a compensation structure for the work force.

(e) Subject to the terms of Section 10 and Section 34 hereof and the provisions hereof relating to disposition of the Short Springs Property, the president is authorized to acquire and dispose of all property, real and personal, necessary to effectuate the purposes of this act. The title of such property shall be taken in the name of the authority.

(f) All contracts, agreements, indentures, trust agreements, and other instruments necessary or proper in carrying out the purposes and powers of the authority or in conducting the affairs of the authority or in operating the systems

of the authority shall be executed by the president, or the president's designee or designees, the signature thereof to be binding upon the authority; provided, however, the execution by the president of any such contract, agreement, indenture, trust agreement, or instrument implementing or evidencing the exercise of powers reserved to the board pursuant to Section 6 hereof shall first be approved by resolution of the board.

(g) The president shall cause to be kept full and proper books and records of all operations and affairs of the authority and shall cause to be kept separate books and accounts for each system, so that these books and accounts will reflect the financial condition of each division separately, and may require that the moneys and securities of each division be placed in separate funds to the end that each division shall be self-sustaining. All divisions will be audited annually by an independent certified public accountant selected by the board.

Section 10. The board shall adopt a policy governing all purchases of services or property, whether real or personal, all leases and lease-purchase agreements, and the disposition of all property of the authority. The policy shall authorize the president, or the president's designee or designees, to enter into contracts and agreements for the purchase of services or property, real or personal, leases and lease-purchases, disposition of property of the authority with a value not exceeding an amount from time to time established by the board, and to provide for the board's approval, such purchases, leases, lease-purchases, and dispositions in excess of such amount. Subject to the terms of the purchasing policy relating to board approval, the president, or the president's designee or designees, on behalf of the authority, shall be authorized to execute all contracts, purchase orders, and other documents necessary or proper in connection with the purchase of property or services and the disposition of property of the authority, including deeds of conveyance of real property. The policy authorized by this section shall provide for competitive bidding in appropriate circumstances,

exceptions to any competitive bidding requirements when competitive bidding is not practical, procedures for the purchase of commodities and other energy sources traded in public markets, procedures for documentation of compliance with purchasing procedures, and such other provisions and terms as the board deems necessary or desirable.

Section 11.

(a) The authority shall have power and is authorized to issue its bonds for the construction, acquisition, reconstruction, improvement, betterment, or extension of any system of the authority and to assume and to agree to pay any bonds or indebtedness incurred for any of the foregoing purposes. The proceeds of any bonds may be applied to:

(1) The payment of the costs of such construction, acquisition, reconstruction, improvement, betterment, or extension;

(2) The payment of the costs associated with any such construction, acquisition, reconstruction, improvement, betterment, or extension, including engineering, architectural, inspection, legal, and accounting expenses;

(3) The payment of the costs of issuance of such bonds, including underwriter's discount, financial or municipal advisory fee, preparation of the bonds, preparation of all public offering and marketing materials, advertising, credit enhancement, and legal, accounting, fiscal, and other similar expenses;

(4) The payment of interest during the period of construction and for six (6) months thereafter on any money borrowed or estimated to be borrowed;

(5) Reimbursement of the authority for moneys previously spent by the authority for any of the foregoing purposes;

(6) The establishment of reasonable reserves for the payment of debt service on such bonds, or for repair and replacement to the system of the authority for whose benefit the financing or refinancing is being undertaken, or for such other purposes as the board shall deem necessary and proper in connection with the issuance of any bonds and operation of the system for whose benefit the financing or refinancing is being undertaken;

(7) The contribution of the authority's share of the funding for any joint undertaking for the purposes hereinabove set forth; and

(8) The contribution by the authority to any subsidiary or separate entity controlled by the authority for the purposes hereinabove set forth.

(b) The authority shall have the power and is hereby authorized to issue its bonds to refund and refinance outstanding bonds of the authority or of the City related to any system or lawfully assumed by the authority. The proceeds of the bonds may be applied to:

(1) The payment of the principal amount of the bonds being refunded and refinanced;

(2) The payment of the redemption premium thereon, if any;

(3) The payment of unpaid interest on the bonds being refunded, including interest in arrears, for payment of which sufficient funds are not available, to the date of delivery or exchange of the refunding bonds;

(4) The payment of interest on the bonds being refunded and refinanced from the date of delivery of the refunding bonds to maturity or to, and including, the first or any subsequent available redemption date or dates on which the bonds being refunded may be called for redemption;

(5) The payment of the costs of issuance of the refunding bonds, including underwriter's discount, financial or municipal advisory fee,

preparation of the bonds, preparation of all public offering and marketing materials, advertising, credit enhancement, and legal, accounting, fiscal, and other similar expenses, and the costs of refunding the outstanding bonds, including the costs of establishing an escrow for the retirement of the outstanding bonds, trustee and escrow agent fees in connection with any escrow, and accounting, legal, and other professional fees in connection herewith; and

(6) The establishment of reasonable reserves for the payment of debt service on the refunding bonds, or for repair and replacement to the system of authority for whose benefit the financing is being undertaken, or for such other purposes as shall be deemed necessary and proper in connection with the issuance of the refunding bonds and operation of the system for whose benefit the financing is being undertaken. Refunding bonds may be issued to refinance and refund more than one (1) issue of outstanding bonds, notwithstanding that such outstanding bonds may have been issued at different times. Refunding bonds may be issued jointly with other refunding bonds or other bonds of the authority. The principal proceeds from the sale of refunding bonds may be applied either to the immediate payment and retirement of the bonds being refunded or, to the extent not required for the immediate payment of the bonds being refunded, to the deposit in escrow with a bank or trust company to provide for the payment and retirement at a later date of the bonds being refunded.

(c) The authority shall have the power and is authorized to issue its bonds to retire all bonds of the City issued to finance or refinance any of the systems, and, to the extent permitted by contracts with any of the owners of the City bonds or parties to any loan agreement, to assume and agree to pay when

due the City bonds, retire the City bonds, or deposit in escrow funds sufficient, together with earnings thereon, to retire the City bonds at maturity or upon redemption.

(d) The authority shall have the power and is hereby authorized to issue bonds in anticipation of the collection of revenues from the system for whose benefit the financing is undertaken for the purpose of financing electrical power purchases. Any such bonds shall be secured solely by a pledge of, and lien on, the revenues of the system for whose benefit the financing is undertaken. The principal amount of bonds that may be issued during any twelve (12) month period shall not exceed sixty percent (60%) of total electrical power for the same period, and all bonds issued during such period shall be retired and paid in full on, or before, the end of such period. The bonds shall be sold in such manner, at such price, and upon such terms and conditions as may be determined by the board. No bonds shall be issued under this subsection (d) unless the electric system has positive retained earnings as shown in the most recent audited financial statements of the system, and the system has produced positive net income at least one (1) fiscal year out of three (3) fiscal years next preceding the issuance of the bonds as shown on the audited financial statements of the system. No bonds issued under this subsection (d) shall be issued without first being approved by the director of state and local finance. If revenues of such system are insufficient to pay all such bonds at maturity, any unpaid bonds may be renewed one (1) time for a period not to exceed one (1) year or otherwise liquidated as approved by the office of state and local finance in the office of the comptroller of the treasury.

(e) Bonds issued hereunder as a part of an issue, the last maturity of which is not later than five (5) years following the date of issue, shall be issued, and referred to, as notes.

Section 12.

(a) No bonds shall be issued or assumed hereunder unless authorized to be issued or assumed by resolution of the board, which resolution may be adopted at the same meeting at which it is introduced by a majority of all members thereof then in office, and shall take effect immediately upon adoption. Bonds authorized to be issued hereunder may be issued in one (1) or more series, may bear such date or dates, mature at such time or times, not exceeding forty (40) years from their respective dates, bear interest at a zero (0) rate or at such rate or rates (which may vary from time to time), payable at such time or times, be in such denominations, be in such form, either coupon or registered, be executed in such manner, be payable in such medium of payment, at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution or resolutions may provide. Bonds may be issued for money or property at competitive or negotiated sale for such price or prices as the board, or its designee, shall determine.

(b) Bonds may be repurchased by the authority out of any available funds at a price not to exceed the principal amount thereof and accrued interest, and all bonds so repurchased shall be cancelled or held as an investment of the authority as the board may determine.

(c) Pending the preparation or execution of definitive bonds, interim receipts or certificates or temporary bonds may be delivered to the purchaser of bonds.

(d)

(1) With respect to all or any portion of any issue of bonds issued hereunder, at any time during the term of the bonds, and upon receipt of a report of the comptroller of the treasury or the comptroller's designee finding that the contracts and agreements authorized in this subsection

(d) are in compliance with the guidelines, rules, or regulations adopted or promulgated by the state funding board, as set forth in Tennessee Code Annotated, Section 7-34-109, the authority, by resolution of the board, may authorize and enter into interest rate swap or exchange agreements, agreements establishing interest rate floors or ceilings or both, and other interest rate hedging agreements under such terms and conditions as the board may determine, including, without limitation, provisions permitting the authority to pay to, or receive from, any person or entity any loss of benefits under such agreement upon early termination thereof or default under such agreement.

(2) The authority may enter into an agreement to sell bonds (other than its refunding bonds) under this act providing for delivery of its bonds on a date greater than ninety (90) days and not greater than five (5) years (or such greater period of time if approved by the comptroller of the treasury or the comptroller's designee), from the date of execution of such agreement or to sell its refunding bonds providing for delivery thereof on a date greater than ninety (90) days from the date of execution of the agreement and not greater than the first optional redemption date on which the bonds being refunded can be optionally redeemed resulting in cost savings or at par, whichever is earlier, only upon receipt of a report of the comptroller of the treasury or the comptroller's designee finding that the agreement or contract of the authority to sell its bonds as authorized in this subdivision (d)(2) is in compliance with the guidelines, rules, or regulations adopted or promulgated by the state funding board in accordance with Tennessee Code Annotated, Section 7-34-109. Agreements to sell bonds and refunding bonds for delivery ninety (90)

days or less from the date of execution of the agreement do not require a report of the comptroller of the treasury or the comptroller's designee.

(3) Prior to the adoption by the board of a resolution authorizing a contract or agreement described in subdivision (d)(1) or (2), a request shall be submitted to the comptroller of the treasury or the comptroller's designee for a report finding that such contract or agreement is in compliance with the guidelines, rules, or regulations of the state funding board. Within fifteen (15) days of receipt of the request, the comptroller of the treasury or the comptroller's designee shall determine whether the contract or agreement substantially complies with the guidelines, rules, or regulations and shall report thereon to the authority. If the report of the comptroller of the treasury or the comptroller's designee finds that the contract or agreement complies with the guidelines, rules, or regulations of the state funding board or the comptroller of the treasury shall fail to report within the fifteen (15) day period, then the authority may take such action with respect to the proposed contract or agreement as it deems advisable in accordance with this section and the guidelines, rules, or regulations of the state funding board. If the report of the comptroller of the treasury or the comptroller's designee finds that such contract or agreement is not in compliance with the guidelines, rules, or regulations, then the authority is not authorized to enter into such contract or agreement. The guidelines, rules, or regulations shall provide for an appeal process upon a determination of noncompliance.

(4) When entering into any contracts or agreement facilitating the issuance and sale of bonds, including contracts or agreements providing for liquidity and credit enhancement and reimbursement agreements relating thereto, interest rate swap or exchange agreements, agreements

establishing interest rate floors or ceilings or both, other interest rate hedging agreements, and agreements with the purchaser of the bonds, evidencing a transaction bearing a reasonable relationship to this state and also to another state or nation, the authority may agree in the written contract or agreement that the rights and remedies of the parties thereto shall be governed by the laws of this state or the laws of such other state or nation; provided, that jurisdiction over the authority shall lie solely in the courts of Coffee County, Tennessee.

(5) Prior to the adoption or promulgation by the state funding board of guidelines, rules, or regulations with respect to the contracts and agreements authorized in subdivisions (d)(1) and (2), the authority may enter into such contracts or agreements to the extent otherwise authorized by state law.

Section 13. In order to secure the payment of the principal and interest on the bonds issued hereunder, or in connection with such bonds, the authority has the power to secure such bonds and to covenant as to the bonds set forth in Tennessee Code Annotated, Sections 9-21-306 and 7-34-110.

Section 14. No owner or owners of any bonds issued hereunder shall ever have the right to compel any exercise of the taxing power of the state, the City, or any other municipality or political subdivision of the state to pay such bonds or the interest thereon. Each bond issued under this act shall recite in substance that such bond, including the interest thereon, is payable solely from the revenues pledged to the payment thereof, and that the bond does not constitute a debt of the state, any municipality, or any other political subdivision therein.

Section 15. Bonds issued hereunder bearing the signature of the president in office on the date of the signing thereof shall be valid and binding obligations, notwithstanding that before the delivery thereof and payment therefor any or all persons

whose signatures appear thereon shall have ceased to be officers. The validity of any bonds shall not be dependent on, or affected by, the validity or regularity of any proceeding relating to the acquisition or improvement of the system or systems for which such bonds are issued. The resolution or resolutions authorizing bonds may provide that the bonds shall contain a recital that they are issued pursuant to this act, which recital shall be conclusive evidence of their validity and of the regularity of their issuance.

Section 16. In connection with the issuance of bonds and in order to secure the payment of its bonds, the authority shall have power:

(1) To pledge all or any part of its revenues;

(2) To vest in a trustee or trustees the right to enforce any covenant made to secure, to pay, or in relation to its bonds, to provide for the powers and duties of such trustee or trustees, to limit the liabilities thereof, and to provide the terms and conditions upon which the trustee or trustees or the holders of bonds or any amount or proportion of them may enforce any such covenant; and

(3) To make such covenants and to do all such acts and things as may be necessary or convenient or desirable in order to secure its bonds or which, in the absolute discretion of the board, tend to make the bonds more marketable notwithstanding that such covenants, acts, and things may restrict or interfere with the exercise of the powers herein granted; it being the intention hereof to give the authority power to do all things in the issuance of bonds, and for their security, that a private business corporation can do under state law.

Section 17. In addition to all other rights and remedies, any holders of bonds of the authority, including a trustee for bondholders, shall have the right:

(a) By mandamus or other suit, action, or proceeding at law or in equity, to enforce the bondholder's rights against the authority and the board, including the right to require the authority and such board to fix and collect rates and charges adequate to carry out any agreement as to, or pledge of, the revenues

produced by such rates or charges, and to require the authority and such board to carry out any other covenants and agreements with such bondholders and to perform their duties under this act;

(b) By action, or suit in equity to enjoin any acts or things which may be unlawful or a violation of the rights of such holder or holders of bonds;

(c) By suit, action, or proceeding in the Chancery Court of Coffee County to obtain an appointment of a receiver of any system or systems of the authority or any part or parts thereof. If such receiver is appointed, the receiver may enter and take possession of such system or systems or part or parts thereof and operate and maintain same, and collect and receive all fees, rents, tolls, or other charges thereafter arising therefrom in the same manner as the authority itself might do and shall dispose of such money in a separate account or accounts and apply the same in accordance with the obligations of the authority as the court shall direct; and

(d) By suit, action, or proceeding in the Chancery Court of Coffee County to require the board of the authority to account as if it were the trustee of an express trust.

Section 18.

(a) The authority shall not be operated for gain or profit or primarily as a source of revenue to the City or any other person or entity. The authority shall, however, prescribe and collect reasonable rates, fees, or charges for the services, facilities, and commodities made available by it, and shall revise such rates, fees, or charges from time to time whenever necessary so that each system, or any combined systems as authorized herein, shall be and always remain self-supporting, and shall not require appropriations by the City or any other municipality, the state, or any political subdivision to carry out its purpose. Any one (1) system of the authority shall not subsidize any other system, unless

the systems are operated as a combined system in accordance with the terms hereof, in which case the combined system shall be self-supporting.

(b) The rates, fees, or charges prescribed for each system shall be such as will produce revenue at least sufficient:

(1) To provide for the payment of all expenses of operation and maintenance of such system;

(2) To pay when due principal of, and interest on, all bonds of the authority payable from the revenues of such system;

(3) To pay any payments in lieu of taxes authorized to be paid pursuant to the terms hereof; and

(4) To establish proper reserves for the system.

Section 19. Any pledge of, or lien on, revenues, fees, rents, tolls, or other charges received or receivable by the authority to secure the payment of any bonds of the authority, and the interest thereon, shall be valid and binding from the time that the pledge or lien is created or granted and shall inure to the benefit of the owner or owners of any such bonds until the payment in full of the principal thereof and premium and interest thereon. The priority of any pledge or lien with respect to competing pledges or liens shall be determined by the date such pledge or lien is created or granted. Neither the resolution nor any other instrument granting, creating, or giving notice of the pledge or lien need be filed or recorded to preserve or protect the validity or priority of such pledge or lien.

Section 20. So long as the authority owns any of the systems, the property and revenue of such system shall be exempt from all state, county, and municipal taxation. Any bonds issued by the authority pursuant to the provisions hereof, and the income therefrom, shall be exempt from all state, county, and municipal taxation except inheritance, transfer, and estate taxes, and except as otherwise provided by state law; provided, however, the authority shall make the payments required by Tennessee Code

Annotated, Sections 7-52-404 and 7-52-606, and shall be subject to all other state and local fees and charges imposed upon private providers of such services.

Section 21. The authority shall make payments in lieu of taxes to the City and other municipalities, accruing from and after the effective date hereof, from the electric system revenues on the same basis and under the same formula as payments are currently being made by the Tullahoma Utilities Board as prescribed by state law.

Section 22. The authority is authorized to provide water service, wastewater service, electric service, and telecommunications services to all areas that are hereafter lawfully and properly annexed within the corporate limits of the City. Such services shall be provided as soon as practical and economically feasible after the annexation becomes effective.

Section 23. All moneys of the authority, from whatever source derived, shall be deposited in one (1) or more banks or trust companies and, if the authority shall so require, such accounts shall be continuously insured by an agency of the federal government or secured by a pledge of direct obligations of the United States or of the state of Tennessee having an aggregate market value, exclusive of accrued interest, at all times at least equal to the balance of deposit in such account or accounts. Such securities shall either be deposited with the authority or be held by a trustee or agent satisfactory to the authority in lieu of any pledge of such securities, and such deposits may be secured by a surety bond or bonds which shall be in form, sufficiency, and substance satisfactory to the authority.

Section 24. All funds of the authority are authorized to be invested as follows:

- (1) Direct obligations of the United States government or any of its agencies;
- (2) Obligations guaranteed as to principal and interest by the United States government or any of its agencies;

(3) Certificates of deposit and other evidences of deposit at state and federally chartered banks, savings and loan institutions, or savings banks deposited and collateralized as described in subdivision (1);

(4) Repurchase agreements entered into with the United States or its agencies or with any bank, broker-dealer, or other such entity so long as the obligation of the obligated party is secured by a perfected pledge of full faith and credit obligations of the United States or its agencies;

(5) Guaranteed investment contracts or similar agreements providing for a specified rate of return over a specified time period with entities rated in one (1) of the two (2) highest rating categories of a nationally recognized rating agency;

(6) In accordance with the local government investment pool created by Tennessee Code Annotated, Title 9, Chapter 4, Part 7;

(7) Direct general obligations of a state of the United States, or a political subdivision or instrumentality thereof, having general taxing powers and rated in either of the two (2) highest rating categories by a nationally recognized rating agency of such obligations; or

(9) Obligations of any state of the United States, or a political subdivision or thereof, secured solely by revenues received by, or on behalf of, the state or political subdivision or instrumentality thereof irrevocably pledged to the payment of the principal and interest on such obligations, rated in the two (2) highest rating categories by a nationally recognized rating agency of such obligations.

Section 25. In the event that the authority shall cease to exist, all of its assets remaining after all of its obligations and liabilities have been satisfied or discharged shall pass to, and become the property of, the City.

Section 26. The authority is and shall be considered a political subdivision for purposes of Tennessee Code Annotated, Title 65, Chapter 4.

Section 27. The board shall be considered a governing body for the purposes of the Open Meetings Act, codified at Tennessee Code Annotated, Title 8, Chapter 44.

Section 28. The authority shall be considered a governmental entity for purposes of the Tennessee Governmental Tort Liability Act, codified at Tennessee Code Annotated, Title 29, Chapter 20.

Section 29. The authority shall be considered a public agency for the purposes of the Interlocal Cooperation Act, codified at Tennessee Code Annotated, Title 12, Chapter 9.

Section 30. The authority shall be considered a municipality for the purposes of the Energy Acquisition Corporation Act, codified at Tennessee Code Annotated, Title 7, Chapter 39, and may be an associated municipality of an energy acquisition corporation under Tennessee Code Annotated, Title 7, Chapter 39, and the board shall be a governing body for purposes of Tennessee Code Annotated, Title 7, Chapter 39.

SECTION 2. The powers conferred by this act shall be in addition, and supplemental, to the powers conferred by any other law.

SECTION 3. This act shall not affect rights and duties that matured, penalties that were incurred, or proceedings that were begun before the effective date of this act.

SECTION 4. This act shall have no effect unless it is approved by a two-thirds (2/3) vote of the legislative body of the City of Tullahoma. Its approval or nonapproval shall be proclaimed by the presiding officer of the legislative body and certified to the secretary of state.

SECTION 5. For the purpose of approving or rejecting the provisions of this act, it shall be effective upon becoming a law, the public welfare requiring it. For all other purposes, it shall become effective as provided in Section 4.