

AN ACT

to create and establish an Authority for and on behalf of the County of Cumberland, the City of Crossville, and water utility districts in the region, to be known as the "Cumberland Plateau Water Authority," and to authorize all necessary powers in connection therewith.

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

SECTION 1. Creation of Authority.

A water and wastewater authority to be known and designated as the Cumberland Plateau Water Authority is hereby created and established for and on behalf of the citizens of Cumberland County, Tennessee.

SECTION 2. Purpose of Authority.

It is hereby declared that the Cumberland Plateau Water Authority created pursuant to this act shall be public and a governmental body and a political subdivision of the State of Tennessee. It is further declared that the planning, acquisition, operating and financing of water and wastewater systems by said Authority is hereby declared to be a public and governmental purpose and a matter of public necessity.

SECTION 3. Definitions.

Whenever used in this act, unless a different meaning clearly appears in the context, the following terms, whether used in the singular or plural, shall be given the following respective interpretations:

- (a) "Authority" means the Cumberland Plateau Water Authority created by this act;
- (b) "Board" means the board of commissioners of the Authority;
- (c) "Bonds" means bonds, interim certificates or other debt obligations of the Authority issued pursuant to this act, including joint obligations of the Authority and the County and/or City;
- (d) "City" means the City of Crossville, Tennessee;
- (e) "County" means Cumberland County, Tennessee;
- (f) "Districts" means any water utility within the region.

(g) "Governing Body" means the chief legislative body of the County, the City or the Districts;

(h) "Municipality" means any county, incorporated city or town, utility district, or other municipal body or subdivision in this State, thereof now or hereafter authorized by law to be created;

(i) "Notes" means notes or interim certificates of the Authority issued pursuant to this act, including joint obligations of the Authority and the County and/or the City.

(j) "Person" means any individual, firm, partnership, association, corporation, or any combination thereof;

(k) "Refunding Bonds" means refunding bonds, issued pursuant to this act, including joint obligations of the Authority and the County and/or the City issued pursuant to this act and Tennessee Code Annotated, Title 9, Chapter 21, Parts 1 and 9, to refund bonds of the Authority or bonds issued to refund bonds or notes of the County, the City or the Districts, issued by the County, the City or the Districts, the proceeds of which were used to construct, acquire, extend, improve or equip all or a portion of a system acquired by the Authority or to refund bonds, the proceeds of which were used for such purposes;

(l) "State" means the State of Tennessee; and

(m) "System" means a water or wastewater system used in the treatment and distribution of water or the collection and treatment of wastewater, including treatment facilities, transmission lines, distribution lines, collection lines, storage facilities, pumping, power, and other equipment, and their appurtenances, extensions, improvements, remodeling, additions, and other alterations thereof.

(n) "Utility" means any public or quasi-public entity that provides water or wastewater services to the public.

SECTION 4. Board of Commissioners – Qualification and Selection.

(a) The governing body of the Authority shall be a board of commissioners of seven (7) persons of good standing and reputation who shall have been residents of Cumberland County for more than one year. No such person shall be an employee of any water or wastewater utility in Cumberland County.

(b) The board of commissioners shall consist of the following persons.

(1) One (1) representative who resides within the geographic boundaries of the Crab Orchard Utility District as they exist on the date of the adoption of this act. This representative will be appointed by the Cumberland County Mayor and will serve an initial term of four (4) years.

(2) One (1) representative who resides within the geographic boundaries of the South Cumberland Utility District as they exist on the date of the adoption of this act. This representative will be appointed by the Cumberland County Mayor and will serve an initial term of three (3) years.

(3) One (1) representative who resides within the geographic boundaries of the West Cumberland Utility District as they exist on the date of the adoption of this act. This representative will be appointed by the Cumberland County Mayor and will serve an initial term of two (2) years.

(4) One (1) representative who resides within the geographic boundaries of the Catoosa Utility District as they existed on August 18, 2005, which is the date Catoosa Utility District consolidated with the City of Crossville. This representative will be appointed by the Cumberland County Mayor and will serve an initial term of one (1) year.

(5) Three (3) representatives shall reside within the municipal boundaries of the City of Crossville which are not included within the geographic boundaries of the Crab Orchard Utility District, South Cumberland Utility District or West Cumberland Utility District. These three (3) representatives will be appointed by the Mayor of the City of Crossville. The Mayor of the City of Crossville will designate one representative to serve an initial term of four years, one representative to serve an initial term of three years, and one representative to serve an initial term of two years.

(c) Vacancies on the Authority's board shall be filled by the appointing authority for that commissioner office as set forth in Section 4(b). The appointee must reside within the same geographic boundaries as the appointee's predecessor as set forth in Section 4(b).

(d) No later than thirty (30) days prior to the expiration of the term of office of any incumbent commissioner or within thirty (30) days after the occurrence of a vacancy caused by non-residence, incapacity, resignation or death of a commissioner, the appointing authority for that commissioner office will appoint an individual person to fill the vacancy.

(e) The term of office of each commissioner shall be four (4) years after the initial term of office to create staggered terms. Upon the expiration of a commissioner's term, the commissioner shall continue to hold office until a successor is appointed and qualified to serve. Any vacancy by reason of non-residence, incapacity, resignation or death of a commissioner shall be filled for the unexpired term.

SECTION 5. Board of Commissioners – Officers and Meetings.

(a) A majority of the board constitutes a quorum, and the board shall act by a vote of a majority present at any meeting attended by a quorum.

(b) At its first meeting and at the first meeting of each calendar year thereafter, the board shall elect one (1) of its members to serve as Chairman, Vice-Chairman, and Secretary of the board. The board may establish other officer positions from time to time as deemed advisable by the board. The Secretary shall keep minutes of all regular and special meetings of the Authority.

(c) The board shall hold meetings at such times and places as the board may determine and all such meetings shall be public meetings under Tennessee Code Annotated, Title 8, Chapter 44, Part 1. Special meetings may be called and held upon such notice and in such manner as the board may determine. Except as otherwise expressly provided herein, the board shall establish its own rules of procedure for its board meetings.

(d) All powers of the Authority shall be vested in the board of commissioners which shall exercise these powers by vote or resolution. Each commissioner shall have an equal vote on all matters.

(e) All board members shall serve without compensation, but the board may receive per diem payments for not more than twelve (12) meetings of the board of commissioners in any calendar year, at a rate not greater than three hundred dollars (\$300) per meeting which the board may establish by resolution. The board members may be reimbursed from Authority funds for any actual, reasonable expenses that the board member may incur as an incident to holding office as a board member in accordance with the expense reimbursement policy adopted by the board for the Authority. The board members may be eligible for medical insurance coverage and life insurance coverage to the same extent as the employees of the Authority.

SECTION 6. Powers of the Authority.

The Authority shall have the powers necessary to accomplish the purpose of this act (excluding the power to levy and collect taxes) including, but not limited to, the following:

(a) To have perpetual succession, to sue and be sued, and to adopt a corporate seal;

(b) To plan, establish, acquire, construct, equip, furnish, improve, repair, extend, maintain, and operate one (1) or more water and wastewater systems within or without Cumberland County, including all real and personal property, facilities, improvements and appurtenances which the board of the Authority may deem necessary in connection therewith and regardless of whether or not such system shall then be in existence;

(c) To enter into agreements with the County, the City, the Districts or any other municipality for the orderly transfer of all or any part of its water system or wastewater system provided that the governing body of the entity has irrevocably voted to consolidate such system into the Authority or to transfer such system to the Authority, and to the extent permitted by law and contract, to assume, to reimburse or to otherwise agree to pay outstanding obligations or liabilities of the County, the City, the Districts or any other municipality incurred to acquire, extend or equip the system;

(d) To enter into agreements with the County, the City, the Districts or any other municipality to acquire by purchase, exchange, gift, devise, lease, the exercise of the power of eminent domain, or otherwise, any system or property related thereto of the County, the City, the Districts or any other municipality and to own and operate such system separately or as a part of Authority's system; or to enter into agreements with the County, the City, the Districts or any other municipality providing for the operation by the Authority of the system, or any portion thereof, owned by the County, the City, the Districts or any other municipality;

(1) The Authority will ensure that all employees acquired through contract with any utilities, will not suffer any loss of wages and benefits, and all employees of the Authority will be members of the Tennessee Consolidated Retirement System (TCRS), or may continue in their current retirement program;

(e) To buy, sell, store, treat and distribute water and to collect and treat wastewater for persons, for any county, municipality or other political subdivision of the State, the State or any agency thereof, the United States or any agency thereof, and to enter into contracts, agreements, or other arrangements with such persons or entities therewith;

(f) To make and enter into all contracts, trust instruments, agreements, and other instruments with the County, the City, the Districts, any other municipality, the State or any agency thereof, the United States or any agency thereof, or any person, whether public or private, bonds, notes, loan agreements with the Tennessee Local Development Authority and/or the Tennessee Department of Environment and Conservation and other forms of indebtedness as if it were a local government as such term is defined in applicable statutes governing grants and loans, to construct, equip or extend the system, and to enter into contracts for the management and operation of a system or any facilities or service of the Authority for the treatment, processing, collection, distribution, storage, transfer, or disposal of water and wastewater;

(g) To incur debts, to borrow money, to issue bonds, and to provide for the rights of the holders thereof;

(h) To apply for, accept and pledge donations, contributions, loans, guarantees, financial assistance, capital grants, or gifts from the County, the City, the Districts, any other municipality, the State or any agency thereof, the United States or any agency thereof, or any person, whether public or private, for or in aid of the purposes of the Authority, and to enter into agreements in connection therewith and to accept the same;

(i) To pledge all or any part of the revenues, receipts, donations, contributions, loans, guarantees, financial assistance, capital grants, or gifts of the Authority, to mortgage and pledge one (1) or more of its systems or any part or parts thereof, whether then owned or thereafter acquired, and to assign and pledge all or any part of its interest in and rights under contracts and other instruments relating thereto as security for the payments of the principal, premium, if any, and interest on bonds, refunding bonds, loan agreements or notes issued by the Authority;

(j) To have control of its systems, facilities, and services with the right and duty to establish and charge rates, fees, and charges for the use of the Authority's systems, facilities and services and to collect revenues and receipts therefrom, not inconsistent with the rights of holders of its bonds, refunding bonds, and notes;

(k) To enter onto any lands, waters, and premises for the purpose of making surveys, soundings, and examinations in and for the furtherance of the purposes authorized by this act;

(l) To use any right-of-way, easement, or other similar property right necessary or convenient in connection with a system, held by the State or by any political subdivision thereof, provided the governing body of such political subdivision consents to such use;

(m) To employ and pay compensation to attorneys, accountants, engineers, architects, financial advisors, technical consultants and independent contractors as the board shall deem necessary for the business of the Authority;

(n) To employ and pay compensation to such employees, including a general manager, who shall have such authority, duties, and responsibilities as the board deems necessary;

(o) To procure and enter into contracts for any type of insurance or indemnity against loss or damage to property from any cause, including loss of use and occupancy, against death or injury of any act of any member, officer, or employee of the Authority in the performance of the duties of the office or employment or any other insurable risk, including the payment of its bonds, refunding bonds or notes, as the board in its discretion may deem necessary;

(p) To enter into contracts with the County, the City, the State of Tennessee or otherwise for a plan for medical, dental, vision, disability, death benefits or other employee insurance benefits for the officers and employees of the Authority;

(q) To exercise all powers expressly given to it and necessarily implied therefrom, to make and execute contracts and all other instruments necessary or convenient to do any and all things for the exercise of its powers hereunder, and to establish and make rules and regulations not inconsistent with the provision of this act, deemed expedient for the management of the Authority's affairs;

(r) To adopt a purchasing policy in accordance with the purchasing policy provisions for utility districts set for in Tennessee Code Annotated Title 7, Chapter 82, Part 8; and

(s) To make all necessary investments, in the discretion of the board, consistent with the powers of local governments to make such investments as provided by State law.

(t) To make all needful rules, regulations and bylaws for the management and the conduct of the affairs of the Authority.

SECTION 7. Exclusive Service Area.

(a) Upon the acquisition of the City's water system and wastewater system, the Authority shall have the exclusive right to provide water and wastewater service within the City's municipal boundaries at the time of the acquisition and as its municipal boundaries are expanded by annexation or any other means.

(b) Upon the acquisition of the Districts, the Authority shall have the exclusive right to provide water and wastewater service within the geographic boundaries of the Districts as they existed on the date of the acquisition.

(c) By resolution of the board, the board may designate any other areas in Cumberland County as the Authority's exclusive service area which areas are outside of the geographic boundaries of any utility district located in Cumberland County which has not consolidated with the Authority or which areas do not have water or wastewater service from any other utility.

SECTION 8. General Manager.

(a) The board may appoint a general manager who shall be the chief executive and administrative officer of the Authority, and the Authority may enter into a contract with him or her establishing his or her salary, term of office, and duties.

(b) The general manager shall appoint the Authority's employees and shall fix their duties and compensation.

(c) The general manager shall appoint the Authority's auditor, legal counsel, engineer, other technical consultants and independent contractors as they are needed subject to the approval of the board.

(d) The general manager shall submit such periodic reports to the board as it may direct.

(e) The general manager shall attend all meetings of the board.

(f) The general manager shall perform all other duties as directed by the board.

SECTION 9. Condemnation and eminent domain.

The Authority may condemn in its own name any land, rights in land, easements, and/or rights-of-way which in the judgment of the board are necessary for carrying out the purposes for which the Authority is created. Such property or interest in such property may be so acquired whether or not the same is owned or held for public use by persons having the power of eminent domain, or otherwise held or used for public purposes; provided, however, such prior public use

will not be interfered with by the use to which such property will be put by the Authority. Such power of condemnation may be exercised in the manner prescribed by any applicable statutory provisions now in force or hereafter enacted for the exercise of the power of eminent domain.

SECTION 10. Rates, Fees and Charges.

(a) The board shall prescribe and collect reasonable rates, fees, and charges for the services, facilities, and commodities of any system and shall revise such rates, fees, and charges from time to time whenever necessary to ensure that any Authority's water and wastewater systems shall be and always remain self-supporting. The rates, fees, or charges prescribed shall be such as will always produce revenue at least sufficient:

- (1) To provide for all expenses of operation and maintenance of the system, including reserves therefor;
- (2) To pay when due all bonds, notes and interest and premium thereon for the payment of which such revenues are or shall have been pledged, charged, or otherwise encumbered, including reserves therefor; and
- (3) To provide for the extension or improvement of the system.

SECTION 11. Notes of the Authority.

(a) By resolution adopted by the board, the Authority may issue interest-bearing bond anticipation notes for all purposes for which bonds can be legally authorized and issued by the Authority. Such notes shall be secured by the proceeds from the sale of the bonds in anticipation of which the notes are issued and shall be secured by a lien upon the revenues of the Authority's system on a parity with the bonds in anticipation of which such notes are issued. In no event shall the amount of outstanding bond anticipation notes exceed the principal amount of the bonds to be issued by the Authority. The notes shall mature not later than two (2) years from their date of issuance and may be extended or renewed for not more than two (2) additional periods of two (2) years each by resolution of the board and the issuance of renewal or extension notes.

(b) Notes shall be sold at public or private sale for such price and in such manner as the board may direct. Notes may be sold in one (1) or more series, may bear such date or dates, may bear interest at such rate or rates (which may vary from time to time), may be payable at such time or times, may be in such denomination or denominations, may be in such form, either coupon or registered, may be payable at such place or places, may be executed in such manner, may be payable in such medium of payment, may be subject to such terms of redemption, without a premium or, for notes sold for not less than the par value thereof and accrued interest, without or with a premium, all as may be provided by resolution of the board.

(c) Notes shall be executed in the name of the Authority by the proper officials authorized to execute the same, together with the seal of the Authority attached thereto.

(d) The proceeds arising from the sale of such notes shall be disbursed as provided by the resolution authorizing the issuance of the notes. The term "bond anticipation notes" includes interim certificates or other temporary obligations which may be issued by the Authority to the purchaser of such notes upon the terms and conditions herein provided. When the bonds shall be issued and sold a sufficient amount of the proceeds of the bonds shall be applied to the payment of the notes at their maturity or upon their earlier redemption as directed by the board by resolution.

(e) The Authority herein granted to issue "bond anticipation notes" also includes the issuance of "grant anticipation notes," to be secured by the grant in anticipation of which such notes are issued, with all provisions of this section being applicable to such grant anticipation notes.

SECTION 12. Bonds of the Authority.

(a) The Authority shall have the power to issue bonds from time to time to finance the construction, purchase, acquisition, extension, and improvement of one (1) or more systems. All bonds issued shall be payable solely out of the revenues and receipts derived from the system for which such bonds are issued or as may be designated in the proceedings under which the bonds shall be authorized to be issued. Such bonds may be issued in one (1) or more series, may be executed and delivered at any time and from time to time, may be in such form and denomination and of such terms and maturities, may be subject to redemption prior to maturity either with or without premium, may be in fully registered form, may bear such conversion privileges and be payable in such installments and at such time or times not exceeding forty (40) years from the date thereof, may be payable at such place or places whether within or without the State of Tennessee, may bear interest at such rate or rates payable at such time or times and at such place or places and evidenced in such manner, and may contain such provisions not inconsistent herewith, all as shall be provided in the proceedings whereunder the bonds shall be authorized to be issued.

(b) Bonds may be sold at public or private sale for such price and in such manner and from time to time as may be determined by the board to be most advantageous, and the Authority may pay any and all expenses, premiums, and commission which its board may deem necessary or advantageous in connection with the issuance thereof.

(c) All bonds and the interest applicable thereto are hereby made and shall be construed to be negotiable instruments.

(d) Interim certificates or notes or other temporary obligations pending the issuance of revenue bonds shall be payable out of proceeds of bonds or other funds of the Authority available for such purpose.

(e) Proceeds of bonds may be used for the purpose of constructing, acquiring, reconstructing, improving, equipping, furnishing, bettering, or extending a system, including the payment of interest on the bonds during construction of any project for which bonds are issued and for two (2) years after the estimated date of completion, the payment of engineering, fiscal, architectural, bond insurance, and legal expenses incurred in connection therewith and the issuance of bonds, and the establishment of a reasonable reserve fund for the payment of principal of and interest on such bonds if a deficiency occurs in the revenues and receipts available for such payment.

SECTION 13. Refunding Bonds of the Authority.

(a) Any bonds at any time outstanding may at any time and from time to time be funded by the issuance of refunding bonds in such amount as the board may deem necessary, but not exceeding the sum of the following:

- (1) The principal amount of the bonds being refinanced;
- (2) Applicable redemption premiums thereon;
- (3) Unpaid interest on such bonds to the date of delivery or exchange of the refunding bonds;
- (4) If the proceeds from the sale of the refunding bonds are to be deposited in trust as hereinafter provided, interest to accrue on such obligations from the date of delivery to the first or any subsequent available redemption date or dates elected, in its discretion, by the board, or to the date or dates of maturity, whichever shall be determined by the board to be the most advantageous or necessary to the Authority;
- (5) A reasonable reserve for the payment of principal of and interest on such bonds and/or a renewal and replacement reserve;
- (6) If the project to be constructed from the proceeds of the obligations being refinanced has not been completed, an amount sufficient to meet the interest charges on the refunding bonds during the construction of such project and for two (2) years after the estimated date of completion (but only to the extent that interest charges have not been capitalized from the proceeds of the obligations being refinanced); and,
- (7) Expenses, premiums, and commissions of the Authority, including bond discount deemed by the board to be necessary for the issuance of the refunding bonds. A determination by the board that any refinancing is advantageous or necessary to the Authority or that any of the amounts provided in the preceding sentence shall be included in such refinancing, or that any of the obligations to be refinanced shall be called for redemption on the first or any subsequent available redemption date or permitted to remain outstanding until their respective dates of maturity, shall be conclusive.

(b) Any such refunding may be effected whether the bonds to be refunded shall have then matured or shall thereafter mature, either by the exchange of the refunding bonds for the bonds to be refunded thereby with the consent of the holders of the bonds so to be refunded, or by sale of the refunding bonds and the application of the proceeds thereof to the payment of the bonds refunded thereby, and regardless of whether or not the bonds to be refunded were issued in connection with the same projects or separate projects, and regardless of whether or not the bonds proposed to be refunded shall be payable on the same date or different dates or shall be due serially or otherwise.

(c) At the time of delivery of the refunding bonds, the bonds to be refunded will not be retired or a valid and timely notice of redemption of the outstanding bonds is not given in accordance with the resolution, indenture or other instrument governing the redemption of the outstanding bonds, then, prior to the issuance of the refunding bonds, the board shall cause to be given adequate notice of its intention to issue the refunding bonds. The notice shall be given either by mail to the owners of all the outstanding bonds to be refunded at their addressees shown on the bond registration records for the outstanding bonds, or given by publication, or by such other means which may be deemed sufficient pursuant to the laws of this State. The notice shall set forth the estimated date of delivery of the bonds, refunding bonds and identify the bonds, or the individual maturities thereof, proposed to be refunded; provided, that if portions of individual maturities are proposed to be refunded the notice shall identify the maturities subject to partial refunding and the aggregate principal amount to be refunded within each maturity. If the issuance of the refunding bonds does not occur as provided in the notice, the governing body shall cause notice thereof to be given as provided above. Except as otherwise set forth in this section, the notice required pursuant to this section shall be given whether or not any of the bonds to be refunded are to be called for redemption.

(d) If any of the obligations to be refunded are to be called for redemption, notice of redemption shall be given in a manner required by the proceedings authorizing such outstanding obligations.

(e) The principal proceeds from the sale of any refunding bonds shall be applied only as follows: either,

(1) To the immediate payment and retirement of the bonds being refunded; or

(2) To the extent not required for immediate payment of the bonds being refunded, such proceeds shall be deposited in trust to provide for the payment and retirement of the bonds being refunded and to pay any expenses incurred in connection with such refunding, but provision may be made for the pledging and disposition of any surplus, including, without limitation, provisions for the pledging of any such surplus to the payment of the principal of, premium, if any, and interest or any issue or series of refunding bonds. Money in any such trust fund may be invested in the discretion of the board.

(f) Nothing herein shall be construed as a limitation on the duration of any deposit in trust for the retirement of obligations being refunded, but which shall not have matured and which shall not be presently redeemable or, if presently redeemable, shall not have been called for redemption.

SECTION 14. Security for Payment of Bonds and Notes.

(a) The principal of, premium, if any, and interest on any bonds, refunding bonds and notes may be secured by a pledge of revenues and receipts of the Authority's system. The proceedings under which the bonds, refunding bonds or notes are authorized to be issued may contain any agreements, provisions and covenants respecting the maintenance of such system or other facilities covered thereby, the fixing and collection of rates, fees or charges with respect to any system or portions thereof covered by such proceedings, the creation and maintenance of special funds from such revenues and from the proceeds of such bonds, refunding bonds and notes and the rights and remedies available in the event of default, all as the board shall deem advisable and not in conflict with the provisions of this act. To the extent provided in the proceedings authorizing any bonds, refunding bonds or notes, each pledge and agreement made for the benefit of security of any of the bonds, refunding bonds or notes shall continue in effect until the principal of and interest on the bonds, refunding bonds or notes for the benefit of which the same were made shall have been fully paid or adequate provision for the payment thereof shall have been made by the Authority. In the event of a default in such payment or in any agreements of the Authority made as part of the proceedings under which the bonds, refunding bonds or notes were issued, such payment or agreement may be enforced by suit, mandamus, or the appointment of a receiver in equity, or the proceedings under which the bonds, refunding bonds or notes are issued.

(b) The board may designate the appropriate officials to execute all documents necessary to guarantee or in any other manner to secure the payment of the bonds or notes of the Authority; provided, however, the approval of the governing body of the County or City to such guarantee or security shall have been obtained before the execution of such documents. Provided, further prior to any meeting where such authorization will be considered by the governing body of the County or City, the governing body shall cause reasonable public notice to be published describing the matter to be considered and containing an estimate of the dollar amount of any contingent liability by the County or City of such authorization is given.

(c) Bonds, notes or refunding bonds may constitute a joint obligation of the Authority and the County or City. Any such bond, note or refunding bond upon which the County or City is jointly obligated with the Authority may be secured by the full faith and credit and unlimited ad valorem taxing power of the County or City. Bonds, notes or refunding bonds issued as a joint obligation of the Authority and the County or City shall be issued in the form and manner of Tennessee Code annotated, Title 9, Chapter 21, Parts 1, 2, and 9, where applicable, and in the event of a conflict between this act and Tennessee Code Annotated Title 9, Chapter 21, Parts 1, 2, and 9, then the provisions of Tennessee Code Annotated, Title 9, Chapter 21, Parts 1, 2, and 9 shall prevail. Notes issued as a joint obligation of the Authority and the County or City shall be issued in the form and manner of Tennessee Code Annotated Title 9, Chapter 21, Parts 1, 4 and

5, where applicable and in the event of a conflict between this act and the provisions of Tennessee Code Annotated, Title 9, Chapter 21, Parts 1, 4 and 5 shall prevail.

(d) Any bond, note or refunding bond issued under this act may be secured by a mortgage or deed of trust covering any or all part of the property, real or personal, of the Authority. Any pledge, of lien, on revenues, fees, rents, tolls or other charges received or receivable by any local government to secure the payment of any bonds, notes or refunding bonds issued pursuant to the act and the interest thereon, shall be valid and binding from the time that the pledge or lien is created and granted and shall inure to the benefit of the holder or holders of any such bonds, notes or refunding bonds until payment in full of the principal and premium and interest thereon. Neither the resolution nor any other instrument granting, creating or giving notice of the pledge of a lien, or other such security interest, need be filed or recorded to preserve or protect the validity or priority of such pledge or lien.

SECTION 15. Exemption from Taxation and State Regulation.

(a) The Authority, its properties and the income and revenues therefrom shall be exempt from all State, county and municipal taxation. All bonds, notes and refunding bonds issued by the Authority and the income therefrom shall be exempt from all State, county, and municipal taxation, except inheritance, transfer and estate taxes, or except as otherwise provided by state law. For purposes of Tennessee Code Annotated Title 42, Chapter 2, and any amendments thereto or substitution therefor, bonds issued by the Authority shall be deemed to be securities issued by a public instrumentality or a political subdivision of the State.

(b) Neither the Tennessee Public Utility Commission nor any other board or commission of like character hereafter created shall have jurisdiction over the Authority in the management and control of its system, the regulation of its rates, fees, or charges, or the issuance of notes, bonds or refunding bonds. The Authority is subject to regulation by the Department of Environment and Conservation as a public water supply and public sewerage system.

SECTION 16. Liability and Indebtedness of Political Subdivisions.

(a) Neither the State, any county, or any municipality other than the Authority shall, except as may otherwise be authorized by the board of the Authority and the governing body of the County or City, in any event be liable for the payment of the principal of, premium, if any, or interest on any bonds, notes or refunding bonds of the Authority or for the performance of any pledge, obligation, or agreement of any kind whatsoever which may be undertaken by the Authority, and none of the bonds, notes or refunding bonds of the Authority or any of its agreements or obligations shall be construed to constitute an indebtedness of the State, any county or any municipality within the meaning of any constitutional or statutory provision whatsoever.

(b) Bonds, notes or refunding bonds of the Authority shall not constitute a debt or a pledge of the faith and credit of the State, any county or any municipality, except as may otherwise be authorized by the governing body of the County or City, and the holders or owners of such bonds shall have no right to have taxes levied by any county, municipality, the State or

any other taxing authority within the State for the payment of principal of, premium, if any, and interest on such bonds, but shall be payable solely from revenues and monies pledged for their payment.

(c) Except as may otherwise be authorized by the governing body of the County or City, all such bonds shall contain on the face thereof a statement to the effect that the bonds, refunding bonds or notes are not a debt of the State, any county, any municipality or any other taxing authority within the State, but are payable solely from revenues and monies pledged to the payment thereof.

SECTION 17. Disposition of Funds.

No part of the net earnings of the Authority remaining after payment of its expenses shall inure to the benefit of any persons except that, at such times as no bonds, notes or refunding bonds of the Authority are outstanding and unpaid and adequate provision has been made for the full payment of all liabilities, obligations and contracts of the Authority, and the Authority shall have, by operation of law, been terminated, any assets of the Authority, to the extent not necessary for such purposes, shall be paid to the County and the City in equal proportions. To the extent allowed by this act, nothing herein contained shall prevent the board from transferring its properties in accordance with the terms of any contract, agreement, or covenant entered into or undertaken by the Authority.

SECTION 18. Budget and Annual Audit.

(a) The board shall annually establish and adopt a budget for the Authority.

(b) The board shall cause to be prepared each fiscal year an annual audit of the books and records of the Authority. The Comptroller of the Treasury, through the Department of Audit, is responsible for determining that such audits are prepared in accordance with generally accepted governmental auditing standards. A copy of such annual audit shall be filed with the office of the County Mayor of Cumberland County and the Mayor of the City of Crossville.

SECTION 19. Powers of the Districts.

(a) The Districts may take all actions hereunder by resolution of its governing body. The Districts shall have all powers necessary in order to further the purposes of this act, including without limitation, the power to consolidate with the Authority, the power to contract with the Authority, and the power to sell, lease, dedicate, donate, or otherwise convey to the Authority any of its interests in any existing water and wastewater system, franchises, assets, liabilities, or other related property, whether real or personal, or mixed, tangible or intangible, and whether or not subject to mortgages, liens, charges, or other encumbrances, or grant easements, licenses, or other rights or privileges therein to the Authority.

(b) The Districts may enter into agreements with the Authority for the orderly transfer of all or any part of its system and to enter into agreement for the Authority to assume, to pay or to refund bonds, refunding bonds and notes issued by the districts or loan agreements entered into by the districts to acquire, construct or equip all or any part of a system.

(c) The Districts are authorized to advance, donate or lend money to the Authority and to provide that funds available to it for a system shall be paid to the Authority.

(d) The Districts shall have the same right to enter into any agreement with the Authority that the board deems necessary to carry out the purposes of this act, as the Districts have to enter into similar agreements with water and wastewater treatment authorities as provided by Tennessee Code Annotated Title 68, Chapter 221, Part 6, and as provided by the Utility District Law, Tennessee Code Annotated Title 7, Chapter 82.

SECTION 20. Powers of the County.

(a) The County may take all actions hereunder by resolution of its governing body. The county shall have all powers necessary to further the purposes of this act, including without limitation, the power to sell, lease, dedicate, donate, or otherwise convey to the Authority any of its interests in any existing water and wastewater system, franchises, assets, liabilities, or other related property, whether real or personal, or mixed, tangible or intangible, and whether or not subject to mortgages, liens, charges, or other encumbrances or grant easements, licenses or other rights or privileges therein to the Authority and to contract with the Authority.

(b) The County, through its governing body, is authorized to issue joint obligations with Authority and to pledge its full faith and credit and unlimited taxing power to such bonds, note or refunding bonds and to guarantee the bonds, notes or refunding bonds as set forth in Section 10.

(c) The County may enter into agreements with the Authority for the orderly transfer of all or any part of its system and to enter into agreements with the Authority for the Authority to assume, to pay or to refund bonds, refunding bonds and notes issued by the county or loan agreements entered into by the county to acquire, construct or equip all of any part of a system.

SECTION 21. Powers of the City.

(a) The City may take all actions hereunder by resolution of its governing body. The City shall have all powers necessary to further the purposes of this act, including without limitation, the power to sell, lease, dedicate, donate, or otherwise convey to the Authority any of its interests in any existing water and wastewater system, franchises, assets, liabilities, or other related property, whether real or personal, or mixed, tangible or intangible, and whether or not subject to mortgages, liens, charges, or other encumbrances or grant easements, licenses or other rights or privileges therein to the Authority and to contract with the Authority.

(b) The City, through its governing body, is authorized to issue joint obligations with the Authority and to pledge its full faith and credit and unlimited taxing power to such bonds, note or refunding bonds and to guarantee the bonds, notes or refunding bonds as set forth in Section 10.

(c) The City may enter into agreements with the Authority for the orderly transfer of all or any part of its system and to enter into agreements with the Authority for the Authority to assume, to pay or to refund bonds, refunding bonds and notes issued by the county or loan agreements entered into by the City to acquire, construct or equip all of any part of a system.

SECTION 22. Powers not restricted.

Neither this act nor anything herein contained shall be construed as a restriction or a limitation upon any powers which a county, city or utility district might otherwise have under any laws of this State, but shall be construed as cumulative of and supplemental to any such powers. No proceeding, notice, or approval shall be required with respect to the issuance of any bonds, refunding bonds or notes of the Authority or any instrument as security therefor except as provided in this act, any law to the contrary notwithstanding; provided, however, nothing herein shall be construed to deprive the State of Tennessee and its political subdivisions of their respective police powers, or to impair any power of any official or agency of said State and its political subdivisions which may be otherwise provided by law.

SECTION 23. Agreements with the Authority.

(a) The Authority is hereby authorized, whenever the same shall be found desirable by its board, to enter into contracts, agreements or other arrangements with any municipality regarding a system, any facility, or any service of the Authority. Any such contract or agreement may extend for any period not exceeding forty (40) years from the date thereof.

(b) Any municipality seeking to enter into such agreement with the Authority shall have the same rights and liabilities as it would otherwise have in entering into a similar agreement with a water and wastewater treatment authority as provided by Tennessee Code Annotated Title 68, Chapter 221, Part 6, and as provided by the Utility District Law, Tennessee Code Annotated Title 7, Chapter 82.

SECTION 24. Liberal Construction.

The provisions of this act shall be liberally construed to effect the purposes thereof, and insofar as the provisions of this act may be inconsistent with the provisions of any other law, the provisions of this act shall be controlling.

SECTION 25. Severability.

If any provision of this act or the application thereof to any person or circumstance is held to be invalid, such invalidity shall not affect any other provision or application of the act which

can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 26. Local approval.

This act shall not take effect unless approved by a two-thirds (2/3) favorable vote of the governing body of Cumberland County, Tennessee, which action may be by resolution. Its approval or disapproval shall be proclaimed by the presiding officer of the governing body and certified by such officer to the Secretary of State.

SECTION 27. Effective date.

This act shall take effect immediately upon becoming law, for purposes of approving or rejecting the provisions of this act, the public welfare requiring it. For all other purposes, the act shall be effective only upon securing the approval as required by Section 26.