

Section 6

Financial Advisory Agreement Between Loudon County and Morgan Keegan

COPY

FINANCIAL ADVISORY AGREEMENT

BETWEEN

LOUDON COUNTY, TENNESSEE

AND

MORGAN KEEGAN & COMPANY, INC.

THIS AGREEMENT entered into this 4th day of October 2011, by and between LOUDON COUNTY, TENNESSEE (hereinafter referred to as the "County"), and MORGAN KEEGAN & COMPANY, INC., Consultants on Municipal Finance, located at 11400 Parkside Drive, Suite 110, Knoxville, Tennessee 37934 (hereinafter referred to as "Financial Advisor").

W I T N E S S E T H

WHEREAS, the County has authorized the issuance of not to exceed \$43,000,000 Rural School Bonds for the purpose of providing funds for: (i) acquisition of land for, design and constructing, improving, renovating and equipping of schools and school facilities; (ii) payment of legal, fiscal, administrative, architectural and engineering costs incident to any or all of the foregoing; (iii) reimbursement to the appropriate fund of the County for prior expenditures for the foregoing costs, if applicable; and (iv) the payment of costs incident to the issuance of the Bonds hereinafter described; and

WHEREAS, the County must from time to time provide adequate new facilities or improvements to meet the demands placed on the services provided by the County in order to promote the general welfare of the citizens of the County and its area; and

WHEREAS, the County desires that the most complete and accurate economic and financial

information possible be provided its officials and to potential bidders and ultimate buyers of the County's bonds and/or notes; and

WHEREAS, due to the rapid changes in financing methods, the complexity of laws governing such financings and the specialization that is required to remain informed and up-to-date, the County desires that a recognized independent municipal financial advisor be retained in the marketing of these bonds and/or notes; and

WHEREAS, the County has interviewed and evaluated the capabilities of the Financial Advisor to the complete satisfaction of the County and has requested the Financial Advisor to assist and advise the County in matters relating to the County's planned financings under terms and conditions decided by the County to be suitable and in the best interest of the County and its citizens.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, it is hereby mutually agreed by and between the County and the Financial Advisor that

Section 1. The Financial Advisor, working with the Mayor, other County officials and employees, the County Attorney, the independent Bond Counsel to the County, and other such independent consultants or consulting engineers as may be engaged by the County from time to time, shall assist in the development of a plan or plans for the financing or refinancing of any improvements through the issuance of general obligation bonds, loans and/or notes, school bonds, revenue or refunding bonds or other types of debt obligations.

Section 2. In preparation for the development of any financing plan, or plans, the Financial Advisor will survey the financial resources of the County to determine its borrowing capacity and analyze the existing debt structure of the County as compared to the existing and projected sources of revenues which may be pledged to secure payment of the debt service on the proposed issues. Such

studies will also include a complete analysis of the existing indebtedness of the County to determine the most practical, economical way for the County to fund needed public improvements and projects.

In addition, the Financial Advisor will consider any future financing requirements projected by County officials, its consultants (if any) and other experts that may be employed from time to time by the County.

Section 3. In connection with any industrial park or pension funding bonds, the Financial Advisor will assist the County and other designated parties in the development of an application for submission to the Building Finance Committee of the Tennessee Industrial and Agricultural Development Commission seeking the issuance of a Certificate of Public Purpose and Necessity which may be required to fulfill statutory obligations prior to any formal funding program and/or the State Director of Local Finance and State Funding Board, as applicable, for approval.

Section 4. Based on the information developed by or other information available to the Financial Advisor, the Financial Advisor will submit its recommendations on the financing of the proposed public improvements and projects. The Financial Advisor's recommendation will include among other things, a schedule of principal maturities, options of prior payment, and the necessary security provisions designed to make the issues attractive to potential investors. All recommendations will be based on the Financial Advisor's experience as to how the debt obligations can best be sold under terms most advantageous to the County, and at the lowest interest cost.

Section 5. In preparing any plan of financing, and in all other services rendered by the Financial Advisor under this Agreement, it is hereby understood that the Financial Advisor may rely upon any written data or reports furnished to the Financial Advisor by the County or its authorized representatives. The Mayor agrees to make available to the Financial Advisor any data, reports, or

County personnel for conferences and consultations as may be necessary for the formulation of any financing plans.

Section 6. The Financial Advisor shall ensure that all the necessary resolutions are prepared for adoption in preparation for the sale and issuance of the bonds, loans and/or notes and that all other necessary proceedings are prepared and executed to complete each sale.

Section 7. The Financial Advisor will advise on current market conditions, forthcoming bond, loans and note issues, federal tax law considerations, and other general information and economic data which might normally be expected to influence the interest rates or other bidding conditions, so that the date for the sale of the bonds, loans and/or notes can be set at a time, which in the Financial Advisor's opinion will be most favorable to the County.

Section 8. The Financial Advisor will submit a transcript of the entire proceedings to a firm of nationally recognized bond attorneys, acceptable to the County and the purchaser(s), for their approving legal opinion(s) on the bonds.

Section 9. In connection with any bond sale, the Financial Advisor shall prepare a "near final" Preliminary and Final Official Statement substantially in accordance with the standards recommended by the Government Finance Officers Association (the "GFOA") and will make a national distribution of such "near final" Preliminary Official Statements to potential bidders for the bonds and to other interested parties and will furnish the successful bidder(s) a reasonable amount of final Official Statements within seven (7) business days from the sale date as required by the Securities and Exchange Commission Rule 15c2-12.

Section 10. The Financial Advisor will prepare and assemble all necessary information concerning the County for submission to and consideration by one or more of the major rating

services (Moody's Investors Service, Inc., and/or Standard & Poor's Rating Services, and/or Fitch IBCA, Duff & Phelps) in connection with a bond sale either independently or in connection with the use of credit enhancement if in the opinion of the Financial Advisor, such rating(s), would prove to be economically beneficial to the County. The Financial Advisor will arrange for conferences or meetings (if necessary) with appropriate personnel analyzing the proposed bond issue(s) in anticipation of a rating(s) on such bonds.

Section 11. The Financial Advisor will advise the County on the use of credit enhancement instruments available from municipal bond insurers or others and provide assistance in seeking such insurance or credit enhancement if in the opinion of the Financial Advisor, such credit enhancement instrument would prove to be economically beneficial to the County.

Section 12. The Financial Advisor will engage a major commercial bank in Tennessee (after receiving approval from the Mayor) to serve as the County's Registration, Paying Agent and Escrow Agent, if required.

Section 13. The Financial Advisor will prepare forms and coordinate the submission of all advertisements concerning the sale and issuance of bonds and notes as required by law.

Section 14. If the County and the Financial Advisor determine that it is advantageous to the County to refund any presently outstanding bonds, loans and/or outstanding notes, the Financial Advisor will submit a plan of refunding and a computation of projected costs savings, if applicable, to the State Director of Local Finance for review as required by Section 9-21-1003, Tennessee Code Annotated.

Section 15. If necessary, with respect to any advance refunding bonds, the Financial Advisor will recommend to the County an accounting firm to verify the accuracy of the mathematical

computations supporting the conclusions (i) that the principal amounts and the interest thereon of the Government Securities and other funds to be deposited in trust with the Escrow Trustee are adequate to provide for the payment, when due, of the principal of and the interest on the refunded bonds, and (ii) that the bonds are not “arbitrage bonds” under the Internal Revenue Code of 1986, as amended, and will coordinate the calculations and delivery of said opinion at closing.

Section 16. The Financial Advisor will furnish a representative at its competitive sales to assist and advise the County officials in receiving bids and will tabulate all bids as well as perform computer verification of the mathematical accuracy of said bids and the compliance of all bids with the published requirements of the sale. In addition, the Financial Advisor will assist and advise the County in the awarding of the bonds to the successful bidders.

Section 17. With respect to any advance refunding bonds, after receipt of the bids, the Financial Advisor will perform the computer structuring of the advance refunding of the outstanding bonds and will structure both the escrow for the outstanding bonds and the debt service for the refunding bonds.

Section 18. If it is determined that an advance refunding bond issue is advantageous to the County, the Financial Advisor will coordinate with the Escrow Agent and an accounting firm, if necessary, for the purchase of United States Treasury Securities State and Local Government Series (SLGS Securities) and/or open market U.S. Treasury Securities to ensure that the principal amounts, interest rates and maturity dates are structured in such manner so as to provide the maximum allowable yield for arbitrage purposes under the Internal Revenue Code of 1986, as amended, to effect the greatest possible benefit on any refunding for the County.

Section 19. The Financial Advisor will supervise all closing proceedings so as to ensure the

quickest possible delivery of the debt obligations to the purchaser or purchasers, including having the bond forms printed and ready for signatures of the proper officials.

Section 20. After the sale, the Financial Advisor will deliver to the County, the Registrar/Paying Agent and/or appropriate officials, a schedule of semi-annual debt service requirements on the debt obligations.

Section 21. The Financial Advisor will calculate the "Bond Yield" based on the arbitrage provisions of the Internal Revenue Code of 1986 and will advise the County on the maximum allowable yield on such debt obligations. If requested, the Financial Advisor will advise the County on the investment of the proceeds of debt obligations so as to maximize the arbitrage potential under applicable existing laws.

Section 22. The Financial Advisor will prepare State Form CT-0253, "Report on Debt Obligations" for execution and submission to the State Comptroller's Office by the County and a representative of the Financial Advisor pursuant to Section 9-21-151, Tennessee Code Annotated within forty-five (45) days after the issuance of any bonds or notes with a maturity of greater than one (1) year.

Section 23. The Financial Advisor will prepare or cause to be prepared Form 8038-G "Information Return for Tax-Exempt Governmental Bond Issues" and file or cause to be filed the report with the United States Department of the Treasury on or before the 15th day of the second calendar month after the close of the calendar quarter in which any debt is issued.

Section 24. The County will be responsible for paying all of the normal bond issuance cost and fees. The normal bond issuance costs that the County will pay will include the following: Bond Counsel fees, registration and paying agent's initial acceptance fees; bond printing costs; any rating

agency's fees; costs of preparation, printing and distribution of the Preliminary and Final Official Statements, and all legally required publication costs and if a refunding is involved the acceptance fee of the Escrow Agent and the fee of an accounting firm to verify the accuracy of the escrow fund to defease the bonds or notes being refunded. It is expressly understood that the County will be responsible for all compensation due (if any) to the County Attorney, other independent consultants engaged by the County, the annual fees of the Registration and Paying Agent, the annual fee of the Dissemination Agent and if the County so desires and qualifies, any premiums due and other related rating fees for bond insurance or other credit enhancement instruments purchased directly by the County to enhance the sale of the bonds.

Section 25. The County agrees that in consideration for the services rendered by Financial Advisor at its expense in connection with the \$43 million Rural School Bonds authorized by the Loudon County Commission on October 3, 2011, the County shall pay or cause to be paid to the Financial Advisor a fee not to exceed three tenths and five one hundreds of one percent (0.35%) of the principal amount of such bonds sold in connection with this Financial Advisory Agreement at the time of and only upon the successful issuance and delivery of the Rural School Bonds. The determination of such final fee for all bonds will be at the discretion of the Financial Advisor so long as the fee does not exceed the percentage outlined in the preceding sentence. The fee for future debt obligations, beyond those which are currently being considered, and/or for work done on any financial advisory activity that does not result in a specific financing by the County, will be mutually determined by the Mayor and the Financial Advisor depending upon the size and types of bonds sold and/or the hours of service provided. The financial advisory fee accrues to the benefit of Morgan Keegan's Investment Banking Public Finance Division. Morgan Keegan's Fixed Income Capital

Markets Division and any of its other divisions may also benefit in the future from fees and commissions earned from open market, secondary trading of and market making activities for the Bonds. Morgan Keegan and its affiliates, including, but not limited to, Regions Bank and its Corporate Trust Division, are involved in a wide range of activities from which conflicting interests or duties may arise. Information which is held elsewhere within Morgan Keegan but of which none of the individuals of the Financial Advisor involved in providing the services contemplated by this Agreement actually has knowledge, will not for any purpose be taken into account in determining the Financial Advisor's responsibilities to you under this Agreement.

Section 26. Fees charged for note issues shall be mutually agreed to by the Mayor and the Financial Advisor at the time of sale and delivery of the notes.

Section 27. It is understood and agreed that the affiliates and subsidiaries of Morgan Keegan, Inc., of which the Financial Advisor is a division, will NOT be allowed to submit a bid for the County's debt obligations when offered for competitive public sale, either alone or as a member of an account and written permission is hereby specifically denied pursuant to any applicable rules and regulations of the Municipal Securities Rulemaking Board (the "MSRB").

Section 28. The County recognizes that the Financial Advisor has developed a variable rate loan program known as the Tennessee Local Government Alternative Loan Program (TN-LOANSSM) and as a part of said Program, may serve as the financial advisor, with TN-LOANS Program Administrator, Inc. serving as the administrator to various Public Building Authorities in the State of Tennessee (the "PBA"). In the event that the County chooses to participate in the TN-LOANSSM program and votes to enter into a Loan Agreement with the PBA, the Financial Advisor will be deemed to be a Financial Advisor to both the County for purposes of any loan agreement with

a PBA and to the PBA, as the conduit issuer of bonds, pursuant to applicable rules of the MSRB in connection with any participation by the County in the TN-LOANS Program.

Section 29. The County recognizes that the Financial Advisor, Morgan Keegan & Company, Inc., is a wholly-owned subsidiary of Regions Financial Corporation. Regions Bank is also a wholly-owned subsidiary of Regions Financial Corporation and may be selected to serve as the County's Registration and Paying Agent. The Financial Advisor is not a fiduciary of any other party to the transaction and will be neither party to, nor liable under, any contract, agreement, or understanding executed or otherwise existing to affect the Bonds. We will not (i) provide any assurances that any investment made in connection with the Bond or otherwise during our engagement is the best possible investment available for your situation or that every possible alternative or provider has been considered and/or solicited, (ii) investigate the veracity of any certifications provided by any party, (iii) provide legal or accounting assurance that any matter or procedure complies with any applicable law, or (iv) be liable to any party if any of the Bonds or an investment fails to close or for default of same.

Section 30. THIS AGREEMENT, which was authorized pursuant to the resolution adopted by the Loudon County Commission on October 3, 2011 authorizing not to exceed \$43 million Rural School Bonds, shall remain in full force and effect from the date of its execution by the parties hereto until all \$43 million of such Rural School Bonds have been issued either pursuant to the October 3, 2011 resolution or such other resolution that may be adopted either amending or replacing the October 3, 2011 resolution. Thereafter, this agreement shall remain in full force and effect unless either of the parties hereto, shall notify the other party in writing of its desire to terminate this Financial Advisory Agreement. In the event either party to this Financial Advisory Agreement elects

to terminate the agreement, such termination shall occur one hundred eighty (180) days after the date of written notice delivered to the other party. Upon termination of this Financial Advisor Agreement by the County, the Financial Advisor shall be paid the fee in full that would be due for all work completed up to the date of cancellation and authorized by the Mayor.

Section 31. This Agreement shall take effect immediately.

This 4th day of October 2011.

MORGAN KEEGAN & COMPANY, INC.

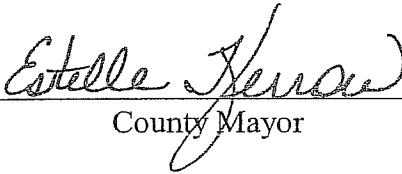
By: _____



Managing Director

LOUDON COUNTY, TENNESSEE

By: _____



County Mayor