

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE
OF AN AMOUNT NOT TO EXCEED
FORTY MILLION DOLLARS (\$40,000,000) PRINCIPAL AMOUNT
OF THE CITY OF CHATTANOOGA,
GENERAL OBLIGATION BONDS, SERIES 2013.**

WHEREAS, pursuant to the provisions of Sections 9-21-101 to 9-21-1017, inclusive, Tennessee Code Annotated (the “Act”), the City Council of the City of Chattanooga, Tennessee (the “City Council”) duly adopted INITIAL RESOLUTION No. 27661 on September 24, 2013; Initial Resolution No. 27661 authorized the issuance and sale of Bonds in an amount not to exceed Forty Million Dollars (\$40,000,000) of the City of Chattanooga, Tennessee for the purpose of paying all or a portion of the costs of the following: City Hall Campus; End of Life Network Infrastructure Upgrade; Maintain Software Currency (ERP only); TORA, Upgrade EOL Hardware, LINUX (311 Software Only); HR Performance Mgt., Self-Service, HR Service Enhancement; EBusiness–Sub Ledger Accounting & Fixed Assets; Police Firing Range; ESIP Connector Road Extension (Volunteer Ordinance Connector); Hamilton County Rail Authority Rail Rehabilitation; Gunbarrel Road Widening Project; Fairmont Avenue; Gunbarrel Road-Shallowford to Standifer Gap; Road Improvements-Goodwin Drive; Roundabout-Igou Gap Road and Jenkins Road; Shallowford Road-Airport Road to Jersey Pike; 3rd/4th Street Widening Project; Hixson Recreation Center; Roof Replacements; HVAC Systems; John A. Patten Park-Restrooms; Ross’ Landing-Hardedge; Memorial Auditorium & Tivoli Repair & Maintenance; Heavy Equipment; WPA System; 3500 Block Broad Street; Briarwood Circle; McCutcheon Road; Levee Certification & Repairs; LID Retrofit; Floodplain Modeling; LED and Induction Luminaries for Street Lighting.

WHEREAS, notice of the adoption of Initial Resolution No. 27661, has been given by publication, as required by 9-21-206 of the Act;

WHEREAS, in order to maximize debt service savings to the City, the City Council desires to delegate certain responsibilities to the Mayor and/or City Finance Officer relating to establishing certain terms of the Bonds and determining the method of sale of the Bonds. Such determinations by the Mayor and/or City Finance Officer will be subsequently set forth in a resolution adopted by the City Council; and

WHEREAS, the qualified electors of the City have not protested the issuance of the Bonds;

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE:

SECTION 1. That there be issued and sold Bonds of the City of Chattanooga, Tennessee (the “City”), in an amount not to exceed \$40,000,000, to be known as “THE CITY OF CHATTANOOGA, GENERAL OBLIGATION BONDS, SERIES 2013 (the “Bonds”). The Bonds shall be issued in registered form in the denomination of \$5,000 or any integral multiple thereof. The Bonds may be issued in one or more series and multiple series may be differentiated by the addition of a letter following the term Series 2013. The Bonds shall be numbered from one (1) consecutively upwards within a maturity in order of issuance. Principal and redemption price, if any, of and interest on the Bonds shall be payable in accordance with Section 8 hereof. The Bonds shall be dated, shall bear interest at a rate or rates not to exceed the rate or rates prescribed by law, be payable as to interest and principal on such dates, and mature in the years and amounts set forth in a supplemental resolution to be adopted by the City Council.

The Bonds shall subject to redemption prior to maturity at such times and subject to such terms as set forth in a supplemental resolution to be adopted by the City Council.

Notice of any call for redemption shall be given by mailing such notice, at least thirty (30) days prior to the date set for such redemption, to the registered owner of each Bond being so redeemed at his address, as shown on the registration books of the City (the "Registration Books") kept for that purpose at the office of the Fiscal Agent (as hereinafter defined). While Depository Trust Company ("DTC"), New York, New York or its nominee is the registered owner of the Bonds, the City shall send the notice of redemption to DTC and the City shall not be responsible for mailing notices of redemption to Participants or Indirect Participants or the Beneficial Owners of the Bonds. Any failure of DTC to mail such notice to any Participant will not affect the sufficiency or the validity of the redemption of the Bonds. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with the redemption price, if any, and interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

SECTION 2. The full faith and credit of the City is hereby irrevocably pledged to the payment of the principal and redemption price, if any, of and interest on the Bonds. The City hereby covenants and agrees with the owners of said Bonds that in each year in which any of the bonds shall be outstanding, there will be levied and collected at the same time and in the same manner as other ad valorem taxes in the City are levied and collected, such ad valorem taxes upon all taxable property within the City in an amount sufficient to pay the principal and redemption price, if any, of and interest on the Bonds as they respectively become due and mature, and also in an amount sufficient to pay the principal and redemption price, if any, of and

interest on all other general obligation bonds and notes, or general indebtedness of the City heretofore or hereafter issued as the same shall become due and mature, and also in an amount necessary for the current operation and all other municipal expenses of the City for such fiscal year.

SECTION 3. That the City hereby authorizes that the Bonds may be sold at a competitive or negotiated sale and that the Mayor and the City Finance Officer are hereby authorized to make such determination. Such determination of the method of sale shall be subsequently set forth in a resolution adopted by the City Council. Such sale shall be subject to the terms and conditions set forth in Section 18 of this Resolution. In connection with a competitive sale, that the City hereby authorizes publication of a notice of sale relating to the sale of the Bonds soliciting proposals therefor, such notice may contain terms of the Bonds including maturities (not to exceed thirty (30) years) maximum interest rates and redemption provisions all as determined by the Mayor and the City Finance Officer. That the Mayor be and is hereby authorized to receive proposals for the sale of the Bonds; and the City Council may make an award of same; SUBJECT, however, to the terms and provisions of Sections 9-21-101 to 9-21-117, both inclusive, Tennessee Code Annotated (the "Act"); PROVIDED, that no award shall be made at a price less than ninety-eight percent (98%) of par and accrued interest.

SECTION 4. The proceeds derived from the sale of the Bonds shall be used for the purpose of paying all or a portion of the costs of City Hall Campus; End of Life Network Infrastructure Upgrade; Maintain Software Currency (ERP only); TORA, Upgrade EOL Hardware, LINUX (311 Software Only); HR Performance Mgt., Self-Service, HR Service Enhancement; EBusiness-Sub Ledger Accounting & Fixed Assets; Police Firing Range; ESIP Connector Road Extension (Volunteer Ordinance Connector); Hamilton County Rail Authority

Rail Rehabilitation; Gunbarrel Road Widening Project; Fairmont Avenue; Gunbarrel Road-Shallowford to Standifer Gap; Road Improvements-Goodwin Drive; Roundabout-Igou Gap Road and Jenkins Road; Shallowford Road-Airport Road to Jersey Pike; 3rd/4th Street Widening Project; Hixson Recreation Center; Roof Replacements; HVAC Systems; John A. Patten Park-Restrooms; Ross' Landing-Hardedge; Memorial Auditorium & Tivoli Repair & Maintenance; Heavy Equipment; WPA System; 3500 Block Broad Street; Briarwood Circle; McCutcheon Road; Levee Certification & Repairs; LID Retrofit; Floodplain Modeling; LED and Induction Luminaries for Street Lighting. The proceeds derived from the sale of the Bonds shall be kept in a separate account by the City Treasurer, and shall be disbursed only for the above purposes.

SECTION 5. No Bond shall be secured by this Resolution or entitled to the benefit hereof or shall be valid or obligatory for any purpose unless such Bond has been executed by-the manual or facsimile signature of the Mayor, affixed with the corporate seal of the City, attested by the manual or facsimile signature of the City Finance Officer, and endorsed by a certificate of authentication by the City, as fiscal agent, or any successor fiscal agent or any appointed registrar and paying agent (the "Fiscal Agent") substantially in the form prescribed in this Resolution, executed by the manual signature of a duly authorized officer of the Fiscal Agent. Such certificate on any Bond shall be conclusive evidence, and the only competent evidence, that such Bond has been duly authenticated and delivered under this resolution.

SECTION 6. In the event any Bond is mutilated, lost, stolen or destroyed, the City shall execute and the Fiscal Agent shall authenticate a new Bond of like date, maturity and denomination to that mutilated, lost, stolen or destroyed Bond, provided that, in the case of any mutilated Bond such mutilated Bond shall first be surrendered to the City, and in the case of any lost, stolen or destroyed Bond, there first shall be furnished to the City and the Fiscal Agent

evidence of such loss, theft or destruction satisfactory to the City and the Fiscal Agent, together with an indemnity satisfactory to them. In the event any such Bond shall have matured, instead of issuing a duplicate Bond, the City may pay the same without surrender thereof making such requirements as it deems fit for its protection, including a lost instrument Bond. The City and the Fiscal Agent may charge the owner of such Bond with its reasonable fees and expenses for such service.

SECTION 7. Upon the surrender to the Fiscal Agent of any mutilated Bond, or any Bond acquired, redeemed, or paid at maturity, the same shall forthwith be canceled. Bonds so canceled may at any time, and in accordance with law, be destroyed by the Fiscal Agent, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers, describing the Bonds as destroyed, and one executed certificate shall be filed with the City and the other executed certificate shall be retained by the Fiscal Agent.

SECTION 8. The Bonds shall be issued in book entry form and be payable, with respect to interest, principal and redemption price, if any, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. The principal and redemption price of the Bonds shall be payable at the principal office of the Fiscal Agent. The interest on the Bonds shall be payable by the Fiscal Agent by check or draft made payable to the registered owner of the Bonds on each interest payment date and mailed to the address of such owner as it shall appear on the Registration Books as of the close of business on the 15th business day of the calendar month immediately preceding such interest payment date (the "Record Date").

SECTION 9. The City shall cause the Registration Books for the registration and for the transfer of the Bonds as provided in this Resolution to be kept by the Fiscal Agent. The

principal and redemption price, if any, of any Bond shall be payable only to or upon the order of the registered owner or his duly authorized legal representative. Upon surrender for transfer of any Bond at the principal office of the Fiscal Agent, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the City shall execute, and the Fiscal Agent shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of the same maturity or maturities and of authorized denomination for a like aggregate principal amount.

Bonds may be exchanged at the principal office of the Fiscal Agent for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity. The City shall execute and the Fiscal Agent shall authenticate and deliver Bonds which the registered owner of any outstanding Bond or Bonds making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding. The execution by the City of any Bond or any authorized denomination shall constitute full and due authorization of such denomination, and the City shall thereby be authorized to authenticate and deliver such Bond.

All Bonds surrendered in any such exchanges or transfers shall be canceled by the Fiscal Agent in the manner provided in Section 7 hereof. Neither the City nor the Fiscal Agent shall be required (a) to transfer or exchange Bonds for a period beginning with any Record Date and ending on any interest payment date for such Bonds or next preceding any selection of Bonds to be redeemed or thereafter until after the mailing of any notice of redemption; or (b) to transfer or exchange Bonds called for redemption.

As to any Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of either principal and redemption price, if any, or interest on any Bond shall be made only to or upon the written order

of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

There shall be no charge for any such exchange or transfer of Bonds, but the City or the Fiscal Agent may require payment of a sum sufficient to pay any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

SECTION 10.

(a) The City covenants to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"). In furtherance of the covenant contained in the preceding sentence, the City agrees to comply with the provisions of the "Tax Certificate as to Arbitrage and Instructions as to Compliance with Provisions of Section 103(a) of the Internal Revenue Code of 1986, as Amended (the "Tax Certificate") executed by the City on the date of initial issuance and delivery of the Bonds, as such Tax Certificate may be amended from time to time, as a source of guidance for achieving compliance with the Code.

(b) The City shall make any and all payments required to be made to the United States Treasury Department of the Treasury in connection with the Bonds pursuant to Section 148(f) of the Code.

(c) Notwithstanding any other provision of this Authorizing Resolution to the contrary, so long as necessary in order to maintain the exclusion of interest on the Bonds from gross income for Federal income tax purposes, the covenants contained in this Section shall survive the payment of the bonds, including any payment defeasance thereof.

(d) Notwithstanding any other provision of this Resolution to the contrary, (i) upon the City's failure to observe or refusal to comply with the above covenants, the holders of the Bonds, or any Trustee acting on their behalf, shall be entitled to the rights and remedies provided to Bondholders under this Resolution, other than the right (which is hereby abrogated solely in regard to any failure to observe, or refusal to comply with, the covenants of this Section 10) to declare the principal of all Bonds then outstanding, and the interest accrued thereon, to be due and payable; and (ii) neither the holders of bonds of any series other than the Bonds, nor any Trustee acting on their behalf, shall be entitled to exercise any right or remedy provided to Bondholders under this Resolution based upon the City's failure to observe, or refusal to comply with, the covenants contained in this Section 10.

SECTION 11. That said Bonds and the Fiscal Agent's Certificate of Authentication shall be in substantially the following form.

UNITED STATES OF AMERICA

STATE OF TENNESSEE

NOTWITHSTANDING ANY PROVISION OF THE RESOLUTIONS REFERRED TO HEREIN TO THE CONTRARY, THE PRINCIPAL AMOUNT OUTSTANDING UNDER THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE FISCAL AGENT. THE DEPOSITORY TRUST COMPANY (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE RESOLUTIONS, "DTC") OR A TRANSFEREE OR ASSIGNEE OR DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND TO BE PAID. THE PRINCIPAL AMOUNT OUTSTANDING AND TO BE PAID ON THIS BOND SHALL FOR ALL PURPOSES BE THE AMOUNT INDICATED ON THE BOOKS OF THE FISCAL AGENT.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE FISCAL AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSONS IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA
STATE OF TENNESSEE CITY OF CHATTANOOGA
CITY OF CHATTANOOGA, GENERAL OBLIGATION
BONDS, SERIES 2013.

Interest Rate	Maturity Date	Dated Date	%
CUSIP			

KNOW ALL MEN BY THESE PRESENTS, that the City of Chattanooga, Tennessee, a duly organized municipal corporation (the “City”), acknowledges itself to owe, and for value received, promises to pay to the registered owner above, or registered assigns on the Maturity Date hereof (or earlier as herein after referred to) upon the presentation and surrender hereof at the principal office of the City, as fiscal agent or any successor fiscal agent (herein called the “Fiscal Agent”), the principal sum of _____ DOLLARS lawful money of the United States of America with interest on said principal sum payable _____ and thereafter semiannually thereafter on _____ and _____ in each year, commencing _____ at the Interest Rate per annum stated hereon from the Dated Date hereof, except as otherwise stated in the Resolutions (as hereinafter defined), until payment of said principal sum shall be discharged. Interest when due shall be payable by the Fiscal Agent, by check or draft mailed to the registered owner hereof on each interest payment date at his address as shown on the registration books of the City which shall be kept for that purpose at the principal office of the Fiscal Agent (the “Registration Books”), as of the close of business on the fifteenth business day of the calendar month immediately preceding each such interest payment date (the “Record Date”). Principal and redemption price, if any, of and interest on this bond are payable in lawful money of the United States of America, and for the prompt payment of this bond and the interest

thereon the full faith, credit and resources of the City of Chattanooga, Tennessee, are hereby irrevocably pledged.

This Bond is one of a duly authorized issue of bonds of the City designated The City of Chattanooga, General Obligation Bonds, Series 2013, issued as fully registered bonds ,in any integral multiples of \$5,000, in the aggregate principal amount of \$_____ (the “Bonds”) issued by the City pursuant to and in accordance with the provisions of Sections 9-21-101 to 9-21-1017, both inclusive, Tennessee Code Annotated, (the “Act”) and pursuant to an initial resolution duly passed by the City Council of said City on September 24, 2013; (the “Initial Resolution”) for the purpose of paying all or a portion of the costs of City Hall Campus; End of Life Network Infrastructure Upgrade; Maintain Software Currency (ERP only); TORA, Upgrade EOL Hardware, LINUX (311 Software Only); HR Performance Mgt., Self-Service, HR Service Enhancement; EBusiness–Sub Ledger Accounting & Fixed Assets; Police Firing Range; ESIP Connector Road Extension (Volunteer Ordinance Connector); Hamilton County Rail Authority Rail Rehabilitation; Gunbarrel Road Widening Project; Fairmont Avenue; Gunbarrel Road-Shallowford to Standifer Gap; Road Improvements-Goodwin Drive; Roundabout-Igou Gap Road and Jenkins Road; Shallowford Road-Airport Road to Jersey Pike; 3rd/4th Street Widening Project; Hixson Recreation Center; Roof Replacements; HVAC Systems; John A. Patten Park-Restrooms; Ross’ Landing-Hardedge; Memorial Auditorium & Tivoli Repair & Maintenance; Heavy Equipment; WPA System; 3500 Block Broad Street; Briarwood Circle; McCutcheon Road; Levee Certification & Repairs; LID Retrofit; Floodplain Modeling; LED and Induction Luminaries for Street Lighting.

It is further certified and recited that all acts, conditions and things required to be done precedent to and in the issuance of this bond have been done, have happened, and have been

performed in regular and due form, time and manner as required by law, and that the total indebtedness of the City of Chattanooga, Tennessee, including this bond, does not exceed any statutory or constitutional limitation.

It is further provided by Section 9-21-117, Tennessee Code Annotated, that neither the principal nor the interest on this bond shall be taxed by the State of Tennessee or by any County or Municipality thereof, except inheritance, transfer and estate taxes.

IN TESTIMONY WHEREOF, the City of Chattanooga, Tennessee, has caused this to be executed by the manual or facsimile signature of the Mayor and the corporate seal of said City or a facsimile thereof, to be affixed hereto, or impressed, imprinted or otherwise reproduced hereon, attested by the City Finance Offer by her manual or facsimile signature, this the ___ day of _____, 2013.

CITY OF CHATTANOOGA, TENNESSEE

Mayor

ATTEST:

City Finance Offer

FORM OF FISCAL AGENT'S CERTIFICATE
OF AUTHENTICATION ON ALL BONDS

This bond is one of the bonds executed and delivered pursuant to the within mentioned Resolutions.

Fiscal Agent

By _____
Authorized Officer

Date _____

(Back of Bond)

The City has covenanted that in each fiscal year while any of the Bonds are outstanding, there will be levied and collected at the same time and in the same manner as other ad valorem taxes in said City are levied and collected, such ad valorem taxes upon all taxable property within the City of Chattanooga in an amount sufficient to pay the principal and redemption price, if any, of and interest on said Bonds as they respectively become due and mature, and also in an amount sufficient to pay the principal of and interest on all other bonds, notes, or general indebtedness of said City heretofore or hereafter issued as the same shall become due and mature, and also in an amount necessary for current operation and all other municipal expenses of said City for such fiscal year.

The Bonds maturing on or before _____, shall not be subject to redemption prior to maturity.

The Bonds maturing on or after _____, shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at any

time, at the option of the City on or after _____ as hereinafter provided, at the price of 100 percent of principal amount plus interest accrued to the redemption date.

Notice of any call for redemption shall be given by mailing such notice, at least thirty (30) days prior to the date set for such redemption, to the registered owner of each bond being so redeemed at his address, as shown on the Registration Books of the City (the "Registration Books") kept for that purpose at the office of the Fiscal Agent (as hereinafter defined). While DTC or its nominee is the registered owner of the bonds, the City shall send the notice of redemption to DTC and the City shall not be responsible for mailing notices of redemption to Participants or Indirect Participants or the Beneficial Owners of any Bonds. Any failure of DTC to mail such notice to any Participant will not affect the sufficiency or the validity of the redemption of the Bonds. Notice of redemption have been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with the redemption price, if any, and interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

The City shall cause books for the registration and for the transfer of the Bonds as provided in the Resolution to be kept by the Fiscal Agent. This bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing, at the principal office of the Fiscal Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this. Upon such transfer a new Bond or Bonds of the same maturity or maturities and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor. The City and the Fiscal Agent shall deem and treat the registered owner

hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal, redemption price or interest due hereof and for all other purposes.

This Bond may be exchanged at the principal office of the Fiscal Agent for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity. The City shall execute and the Fiscal Agent shall authenticate and deliver Bonds which the registered owner of any outstanding Bond or Bonds making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding. There shall be no charge for any such exchange or transfer of Bonds, but the City or the Fiscal Agent may require payment of a sum, sufficient to pay any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the City nor the Fiscal Agent shall be required to (a) to transfer or exchange Bonds for a period beginning on any Record Date and ending on any interest payment date on such Bonds or next preceding any selection of Bonds to be redeemed or thereafter until after the mailing of any notice of redemption; or (b) to transfer or exchange Bonds called for redemption.

This bond shall not be entitled to any security, right or benefit under the Resolutions or be valid or obligatory for any purpose, unless the Certificate of Authentication hereon has been duly executed by the Fiscal Agent.

[End of Bond Forms]

SECTION 12.

(a) The Bonds shall be initially issued in the form of a separate single fully registered Bond in the amount of each separate stated maturity thereof and shall be registered in the name of Cede & Co. (“Cede”), as nominee of the Depository Trust Company (“DTC”), New York, New York. With respect to Bonds so registered in the name of Cede, the City, and the Fiscal Agent shall have no responsibility or obligation to any DTC participant or to any beneficial owner of such Bonds. Without limiting the immediately preceding sentence, the City, and the Fiscal Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any DTC participant, beneficial owner or other person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC participant, beneficial owner or other person, other than DTC, of any amount with respect to the principal or redemption price of, or interest on, the Bonds. The City and the Fiscal Agent may treat DTC as, and deem DTC to be, the absolute owner of each Bond for all purposes whatsoever, including (but not limited to) (i) payment of the principal or redemption price of, and interest on, each such Bond, (ii) giving notices of redemption and other matters with respect to such Bonds, and (iii) registering transfers with respect to such Bonds. The Fiscal Agent shall pay the principal or redemption price of, and interest on, all Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the City’s obligations with respect to such principal or redemption price, and interest, to the extent of the sum or sums so paid. No person other than DTC shall receive a Bond evidencing the obligation of the City to make payments of principal or redemption price of, and interest on, the Bonds pursuant to this resolution. Upon delivery by DTC to the Fiscal Agent of

written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions hereof, the word “Cede” in this resolution shall refer to such new nominee of DTC.

(b) 1. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the City and the Fiscal Agent and discharging its responsibilities with respect thereto under applicable law.

2. The City, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to any Bonds if the City determines that the continuation of the system of book-entry-only transfers through DTC (or a successor securities depository) is not in the best interests of the beneficial owners of the Bonds or is burdensome to the City.

3. Upon the termination of the services of DTC with respect to the Bonds pursuant to subsection (c) hereof, after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the City, is willing and able to undertake such functions upon reasonable and customary terms, the Bonds shall no longer be restricted to being registered in the Registration Books kept by the Fiscal Agent in the name of Cede as nominee of DTC. In such event, the City shall issue and the Fiscal Agent shall transfer and exchange Bond certificates as requested by DTC or DTC participants of like principal amount, series and maturity, in authorized denominations to the identifiable beneficial owners in replacement of such beneficial owners' beneficial interest in the Bonds.

4. Anything in this resolution to the contrary notwithstanding, so long as any of the Bonds are registered in the name of Cede, as nominee of DTC, payment of the redemption price of a Bond, or portion thereof, called for redemption prior to maturity may be paid to DTC by

check or mailed to DTC or by wire transfer. Anything in this resolution to the contrary notwithstanding, such redemption price may be paid without presentation and surrender to the Fiscal Agent of the Bond, or portion thereof, called for redemption; provided, however, that payment of (a) the principal payable at maturity of a Bond, and (b) the redemption price of a Bond as to which the entire principal amount thereof has been called for redemption shall be payable only upon presentation and surrender of such Bond to the Fiscal Agent; and provided, further, that no such redemption price shall be so payable without presentation and surrender unless such Bond shall contain or have endorsed thereon a legend to the following effect:

NOTWITHSTANDING ANY PROVISION OF THE RESOLUTIONS REFERRED TO HEREIN TO THE CONTRARY, THE PRINCIPAL AMOUNT OUTSTANDING UNDER THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE FISCAL AGENT. THE DEPOSITORY TRUST COMPANY (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE RESOLUTIONS ("DTC") OR A TRANSFEREE OR ASSIGNEE OR DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND TO BE PAID. THE PRINCIPAL AMOUNT OUTSTANDING AND TO BE PAID ON THIS BOND SHALL FOR ALL PURPOSES BE THE AMOUNT INDICATED ON THE BOOKS OF THE FISCAL AGENT.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE FISCAL AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE

OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSONS IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

Anything in this resolution to the contrary notwithstanding, upon any such payment to DTC without presentation and Surrender, for all purposes of (i) the Bond as to which such payment has been made, and (ii) this resolution, the unpaid principal amount of such Bond outstanding shall automatically be reduced by the principal amount so paid. In such event, the Fiscal Agent shall note the particular Bond as to which such payment has been made, and the principal amount of such Bond so paid, on the Registration Books of the City maintained by it, but failure to make any such notation shall not affect the automatic reduction of the principal amount of such Bond Outstanding as provided in this subsection.

5. For all purposes of this resolution authorizing or permitting the purchase of Bonds by, or for the account of, the City for cancellation, and anything in this resolution to the contrary notwithstanding, a portion of a Bond may be deemed to have been purchased and canceled without surrender thereof upon delivery to the Fiscal Agent of a certificate executed by the City and a participant of DTC therefor, agreed to and accepted by DTC in writing, to the effect that a beneficial ownership interest in such Bond, in the principal amount stated therein, has been Purchased by, or for the account of, the City through the participant of DTC executing such certificate; provided, however, that any purchase for cancellation of the entire principal amount of a Bond shall be effective for purposes of this resolution only upon Surrender of such Bond to the Fiscal Agent; and Provided further, that no portion of a Bond may be deemed to have been so Purchased and canceled without Surrender thereof unless such Bond shall contain or have endorsed thereon the legend referred to in subsection (c) (4) above. Anything in this resolution

to the contrary notwithstanding, upon delivery of any such certificate to the Fiscal Agent, for all purposes of (i) the Bond to which such certificate relates, and (ii) this resolution, the unpaid principal amount of such Bond outstanding shall automatically be reduced by the principal amount so purchased. In such event, the Fiscal Agent shall note such reduction on the Registration books of the City maintained by it, but failure to make any such notation shall not affect the automatic reduction of the principal amount of such Bond outstanding as provided in this subsection.

6. Anything in this resolution to the contrary notwithstanding, DTC may make a notation on a Bond (i) redeemed in part, or (ii) purchased by, or for the account of, the City in part for cancellation, to reflect, for informational purposes only, the date of such redemption or purchase and the principal amount thereof redeemed or canceled, but failure to make any such notation shall not affect the automatic reduction of the principal amount of such Bond outstanding as provided in subsection (c) (4) or (c) (5) of this Section 12, as the case may be.

SECTION 13. The covenants and liens entered into, created or imposed pursuant to this Resolution may be fully discharged and satisfied with respect to the Bonds in any one or more of the following ways:

(a) by paying the principal of and interest on the Bonds when the same shall become due and payable; or

(b) by depositing in an account as the City may hereafter create and establish by resolutions moneys sufficient at the time of such deposit to pay the Bonds, the interest thereon and the redemption premium, if any, as the same become due on said Bonds on or prior to the redemption date or maturity date thereof; or by depositing in such account as the City may hereafter create and establish by resolution moneys which when invested in Defeasance

Obligations (as hereinafter defined), will provide moneys which shall be sufficient to pay the Bonds, the interest thereon and the redemption premium, if any, as the same shall become due on said Bonds on or prior to their redemption date or maturity date thereof.

As used herein, Defeasance Obligation shall mean to the extent permitted by laws:

(i) Direct general obligations of, or obligations the payment of principal and interest on which is unconditionally guaranteed by, the United States of America;

(ii) Evidences of indebtedness issued by any of the following: Bank for Cooperatives; Federal Home Loan Banks, Federal Home Loan Mortgage Corporation (including participation certificates); Federal Land Banks; Federal Financing Banks; or any other agency or instrumentality of the United States of America created by an act of Congress which is substantially similar to the foregoing in its legal relationship to the United States of America;

(iii) Evidences of ownership of proportionate interests in future interest and principal payments on specified obligations described in (i) held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in (i), and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated; and

(iv) Debt obligations, whether or not interest thereon is exempt from federal income taxes, which, at the time of deposit, are rated by either Moody's Investors Service Inc. ("Moody's") or Standard & Poors ("S&P") in either of the two highest long-term debt rating categories of such rating agency without regard to any refinement or gradation

of such rating category by numerical modifier or otherwise; provided, that if any Bond being provided for is then rated by Moody's or S&P, the obligations deposited must be rated by each rating agency having a rating in effect on such Bonds in a rating category no lower than that in effect on such Bonds; and

(v) Obligations described in Section 103(a) of the Internal Revenue Code of 1986, as amended, provision for the payment of the principal of, premium, if any, and interest on which shall have been made by the irrevocable deposit with a bank or trust company acting as a trustee or escrow agent for holders of such obligations of securities described in clauses (i) or (ii) the maturing principal of and interest on which, when due and payable, will provide sufficient moneys to pay when due the principal of, premium, if any, and interest on such obligations, and which securities described in clauses (i) or (ii) are not available to satisfy any other claim, including any claim of the trustee or escrow agent or of any person claiming through the trustee or escrow agent or to whom the trustee or escrow agent may be obligated, including in the event of the insolvency of the trustee or escrow agent or proceedings arising out of such insolvency.

Upon such payment or deposit in the amount and manner provided in this resolution, the Bonds shall no longer be deemed to be outstanding for the purposes of this Resolution and all liability of the City with respect to the Bonds shall cease and be completely discharged and extinguished, and the holders thereof shall be entitled for payment solely out of the moneys or Defeasance Obligations so deposited.

Notwithstanding the foregoing, all references to the discharge and satisfaction of Bonds shall include the discharge and satisfaction of any series of Bonds, any portion of a series of

Bonds, any maturity or maturities of a series of Bonds, any portion of a maturity of a series of Bonds, or any combination of the foregoing.

SECTION 14. That after the Bonds have been awarded as herein provided, the Mayor is hereby authorized to execute the Bonds on behalf of the City with his manual or facsimile signature, and the City Finance Officer to countersign the same with her manual or facsimile signature, attesting, and to affix, imprint or otherwise reproduce the Seal of the City on the Bonds, or a facsimile thereof. Thereupon, the Mayor or the City Finance Officer is hereby authorized to deliver the executed Bond to the approved Purchaser upon the payment of the amount specified in the award and Katten Muchin Rosenman LLP shall deliver the opinion approving the validity of said Bonds.

SECTION 15. The Mayor and City Finance Officer are hereby authorized and empowered to execute and deliver, or cause to be executed and delivered such other documents and opinions, and to do all such acts and things as may be necessary or desirable in connection with the issuance, execution and delivery of the Bonds and the final Official Statement.

SECTION 16. The City covenants and agrees that it will provide the documents and information required to be delivered to a nationally recognized municipal securities information repository and annually thereafter no later than 350 days from the end of its fiscal year, established as a result of the Securities and Exchange Commission's adoption of the amendments to Rule 15c2-12 issued under the Securities and Exchange Act of 1934.

SECTION 17. The preparation of the Preliminary Official Statement of the City substantially in the form presented at this meeting, relating to the Bonds, and the distribution thereof to prospective purchasers of the Bonds is hereby approved. The Preliminary Official

Statement is “deemed final” within the meaning of Securities Exchange Commission Rule 15c2-12(b) (1).

An Official Statement, substantially in the form of the Preliminary Official Statement, together with such appropriate changes, insertions and omissions as may be approved by the Mayor, his signing of such Official Statement to be conclusive evidence of his approval of any such changes, insertions and omissions, and his execution and delivery of such Official Statement is hereby authorized.

If during the 25-day period after the date of delivery of and payment for the Bonds, any event known to the City relating to or affecting the City, this resolution, or the Bonds, shall occur which might affect the correctness or completeness of any statement of a material fact contained in the Official Statement, the City will promptly notify the Purchasers in writing of the circumstances and details of such event. If, as a result of such event or any other event, it is necessary, in the opinion of the Purchasers to amend or supplement the Official Statement by stating or restating any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, therein, not misleading, and the Purchasers shall have so advised the City, the City will forthwith prepare and furnish to the Purchasers a reasonable number of copies of an amendment of or a supplement to such Official Statement, in form and substance satisfactory to the Purchasers, which will so amend or supplement such Official Statement so that, as amended or supplemented, the Official Statement will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

SECTION 18. That the City hereby authorizes that the Bonds may be sold at a competitive or negotiated sale and that the Mayor and the City Finance Officer are hereby authorized to make such determination. Such sale shall be subject to the terms and conditions set forth in Sections 1 and 5 of this Resolution. In connection with a competitive sale, that the City hereby authorizes publication of a notice of sale relating to the sale of the Bonds soliciting proposals therefor, such notice may contain terms of the Bonds including maturities (not to exceed thirty (30) years) maximum interest rates and redemption provisions all as determined by the Mayor and the City Finance Officer. That the Mayor be and is hereby authorized to receive proposals for the sale of the Bonds; and the City Council may make an award of same; SUBJECT, however, to the terms and provisions of Sections 9-21-101 to 9-21-117, both inclusive, Tennessee Code Annotated (the "Act"); PROVIDED, that no award shall be made at a price less than ninety-eight percent (98%) of par and accrued interest. In connection with a negotiated sale of the Bonds, the Mayor and City Finance Officer are authorized to select one or more underwriters and to negotiate the terms of a bond purchase agreement ("Bond Purchase Agreement") with such underwriters, the Bonds shall be sold to the underwriters named in the Bond Purchase Agreement (the "Underwriter), at the purchase price and on the terms and conditions set forth in such Bond Purchase Agreement, with the principal amount, interest rates and maturities as so determined by the Mayor and/or the City Finance Officer subject to the limitations set forth in Section 1 and 5 hereof. Any such Bond Purchase Agreement and the terms therein shall be approved in a supplemental resolution adopted by the City Council. The Mayor and City Finance Officer are hereby authorized on behalf of the City to execute said Bond Purchase Agreement and to deliver it to the Underwriter; and said officers and all other officers of the City are hereby authorized and directed to carry out or cause to be carried out all

obligations of the City under said Bond Purchase Agreement and to take all action contemplated to be taken by the City pursuant to the terms of said Bond Purchase Agreement. The Mayor is hereby authorized to execute the Bonds on behalf of the City with his manual or facsimile signature, and the City Finance Officer to countersign the same with his manual or facsimile signature, attesting, and to affix, imprint or otherwise reproduce the Seal of the City on the Bonds, or a facsimile thereof. Thereupon, the Mayor of the City Finance Officer is hereby authorized to deliver the executed Bonds to the Underwriter upon the payment of the amount specified in the Bond Purchase Contract and Katten Muchin Rosenman LLP shall deliver the opinion approving the validity of said Bonds.

SECTION 19. The Mayor and City Finance Officer are hereby authorized to execute such documents, instruments and papers, to open such bank accounts or custodian accounts, and do such acts as may be necessary or advisable in connection with the authorization, sale and issuance of, and security for, the Bonds.

ADOPTED: _____

I, Sandra Freeman, Clerk to the City Council, City Council of the City of Chattanooga, Tennessee, do hereby certify that the foregoing is a true, compared and correct copy of Resolution No _____, adopted by the City Council of the City of Chattanooga, Tennessee on _____.

Sandra Freeman
Clerk to the City Council
City of Chattanooga, Tennessee,

WITNESS my hand and the Seal of the City of Chattanooga, Tennessee, this ___ day of ___
_____ 2013.