

RESOLUTION NO. 28890

A RESOLUTION AUTHORIZING FIFTEEN MILLION FOUR HUNDRED AND TEN THOUSAND DOLLARS (\$15,410,000.00) CITY OF CHATTANOOGA, TENNESSEE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017B, AND AUTHORIZING CERTAIN ACTIONS RELATED THERETO.

WHEREAS, pursuant to the provisions of Section 9-21-101 et seq., of the Tennessee Code Annotated (the “Act”), the City Council of the City of Chattanooga, Tennessee (the “Council”) duly adopted Resolution No. 28873 on December 20, 2016 (the “Resolution”) authorizing the refunding of all or a portion of the City of Chattanooga’s General Obligation Bonds, Series 2007A (the “Prior Bonds”) and authorizing the issuance and sale of an amount not to exceed \$19,000,000 principal amount of General Obligation Refunding Bonds, Series 2017B Bonds in one or more series (the “Bonds”);

WHEREAS, the provisions of the Resolution required the adoption of a supplemental resolution by the Council to set certain terms related to the Bonds, including specific Prior Bonds to be refunded, determination or one or more series, interest rates, the maturity dates and principal amount of the Bonds and the General Obligation Bonds, Series 2017A, to be issued coterminously with the Bonds.

WHEREAS, pursuant to Notice of Sale dated January 10, 2017 for the City of Chattanooga, Tennessee General Obligation Refunding Bonds, Series 2017B (the “Bonds”), the following proposals have been received for the Bonds and the General Obligation Bonds, Series 2017A, to be issued conterminously with the Bonds:

BIDDER

TRUE INTEREST RATE

SunTrust Robinson Humphrey	2.135757
FTN Financial Capital Markets	2.137284
Hutchinson, Shockey, Erley & Co.	2.150186
Citigroup Global Markets Inc.	2.154362
J.P. Morgan Securities LLC	2.155504
Raymond James & Associates, Inc.	2.175819
Piper Jaffray	2.183829
Fifth Third Securities, Inc.	2.183951
Bank of America Merrill Lynch	2.196847
Janney Montgomery Scott LLC	2.198887
Hilltop Securities Inc.	2.201276
Robert W. Baird & Co., Inc.	2.203030

WHEREAS, the proposal of SunTrust Robinson Humphrey (“Purchaser”) offering to pay the principal sum of \$15,410,000.00 plus premium in the amount of \$2,920,511.25, together with accrued interest, bearing a true interest rate of 1.997396% per annum, referred to above, is the highest and most advantageous bid for said Bonds as determined in the manner provided in said Notice of Sale, and in all other respects complies with said Notice of Sale form attached hereto as Exhibit A;

NOW THEREFORE,

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

SECTION 1. That the proposal of said Purchaser, referred to in the preamble hereof, is accepted, and said \$15,410,000.00 City of Chattanooga, Tennessee General Obligation Refunding Bonds, Series 2017B, dated January 25, 2017, bearing interest and maturing as

described below, be, and the same hereby are awarded to said Purchaser in accordance with the terms of their proposal.

GENERAL OBLIGATION REFUNDING BONDS MATURITY SCHEDULE

March 1	<u>Principal Amount</u>	<u>Rate</u>
2021	2,420,00	5.000%
	0	
2022	2,495,00	5.000%
	0	
2023	2,410,00	5.000%
	0	
2024	2,545,00	5.000%
	0	
2025	2,695,00	5.000%
	0	
2026	2,845,00	5.000%
	0	

Interest on the Bonds is payable on March 1, 2017 and each September 1 and March 1 thereafter.

The Bonds are not subject to redemption prior to maturity.

SECTION 2. That the Mayor and City Finance Officer of the City of Chattanooga be and are hereby authorized and directed to execute said Bonds with his or her manual or facsimile signature, and to deliver said Bonds to the Purchaser and to receive payment therefor without further authority from this City Council.

SECTION 3. That the City Finance Office be and is hereby authorized and directed to return forthwith the good faith checks of all unsuccessful bidders.

SECTION 4. That the Official Statement dated January 10, 2017, and the information contained therein to be used in connection with the offering and sale of said Bonds is hereby approved and further, that the City hereby ratifies, confirms and approves the use of the Preliminary Official Statement of the City, dated January 5, 2017, and Notice of Sale of the City, dated January 10, 2017, in connection with the offering and sale of said Bonds. The Official Statement may be modified in a manner not inconsistent with the substance thereof as shall be deemed advisable by the City or Financial Advisor to the City and by bond counsel to the City. The Mayor or any proper officer of the City is hereby authorized and directed to sign the Official Statement and any amendment or supplement thereto, in the name of and on behalf of the City and deliver the same and any such amendment or supplement.

SECTION 5. That the refunding of the City of Chattanooga's outstanding Series 2007A Bonds maturing in the years 2021 through 2026 (the "Refunded Bonds"), by the issuance of the Bonds is hereby authorized, and that the Mayor and/or Finance Officer are hereby authorized to proceed herewith. That it is necessary, advantageous, desirable and in the best interests of the City of Chattanooga (the "City") and its residents that the Bonds be issued to refund and finance the costs of accomplishing the refunding of, the Refunded Bonds.

SECTION 6. That U.S. Bank National Association is hereby appointed registrar and paying agent for said Bonds.

SECTION 7. That the City hereby appoints U.S. Bank National Association as Escrow Agent and shall invest the proceeds of the Bonds to be applied to refund the Refunded Bonds pursuant to the provisions of the Escrow Deposit Agreement, dated as of January 25, 2017 and attached hereto. The investment of such proceeds of the Bonds shall be subject to the terms and provisions set forth in said Escrow Deposit Agreement, and the Mayor and City Finance Officer

are hereby authorized and direct on behalf of the City to execute said Escrow Deposit Agreement and to carry out or cause to be carried out all the obligations of the City under said Escrow Deposit Agreement, and to take all actions contemplated to be taken by the City pursuant to the terms of said Escrow Deposit Agreement.

SECTION 8. That this Resolution shall take effect from and after its adoption, the public welfare requiring it.

ADOPTED: January 10, 2017

OFFICIAL NOTICE OF SALE

CITY OF CHATTANOOGA, TENNESSEE

\$8,540,000* General Obligation Bonds, Series 2017A
\$16,950,000* General Obligation Refunding Bonds, Series 2017B

Electronic Bids Only, as Described Herein
Will Be Accepted Until

10:30 a.m., Eastern Daylight Time, Tuesday, January 10, 2017*

* Preliminary, subject to change as provided herein

CONTACTS

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BIDCOMP/PARITY[®]

Customer Service

(212) 849-5021

Customer Service

Thomson Prospectus

(212) 849-5024

OFFICIAL NOTICE OF SALE

CITY OF CHATTANOOGA, TENNESSEE

\$8,540,000* General Obligation Bonds, Series 2017A
\$16,950,000* General Obligation Refunding Bonds, Series 2017B

NOTICE IS HEREBY GIVEN that electronic bids will be received on the date and up to the time specified below:

SALE DATE: January 10, 2017*

SALE TIME: 10:30 a.m. Eastern Daylight Time*

ELECTRONIC BIDS: Must be submitted through **PARITY**[®] as described below.

No other form of bid or provider of electronic bidding services will be accepted.

Bids will be received for the purchase of all, but not less than all, of (i) the \$8,540,000* General Obligation Bonds, Series 2017A (the “Series 2017A Bonds”) and (ii) the \$16,950,000* General Obligation Refunding Bonds, Series 2017B (the “Series 2017B Bonds”; collectively with the Series 2017A Bonds, the “Bonds”) to be issued by the City of Chattanooga, Tennessee (the “City”). The Bonds are more particularly described in the Preliminary Official Statement dated January 5, 2017 relating to the Bonds, available at the i-Deal Prospectus website, www.i-dealprospectus.com. Prior to accepting bids, the City reserves the right to change the principal amount of the Bonds being offered, and certain terms of the Bonds as described herein, to postpone the sale to a later date, or to cancel the sale of the Bonds based upon market conditions as discussed herein. Notice of a change or cancellation will be announced via Thomson Municipal News at the internet website address www.tm3.com not later than 12:00 noon, Central Daylight Time, on the business day preceding the bid opening. Such notice will specify the revised principal amount or feature, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours’ notice via Thomson Municipal News service at the internet website address www.tm3.com. Consideration of the bids and the award will be made by the City Mayor, or his designee, not later than 7:00 p.m., Eastern Daylight Time, on the Sale Date (as set forth above and in the Bidding Parameters tables herein). The City reserves the right to adjust the principal amount of one or more series of the Bonds offered, to eliminate maturities, or to cancel the sale of one or more series of the Bonds after the bids are opened as further described herein. See ADJUSTMENT OF AMOUNTS AND MATURITIES.

* Preliminary, subject to change as provided herein

BIDDING PARAMETERS TABLE†
\$8,540,000* General Obligation Bonds, Series 2017A

INTEREST		PRICING	
Dated Date:	January 25, 2017	Max. Reoffering Price:	
Delivery Date:	January 25, 2017	Each Maturity:	Unlimited
Interest Payment Dates:	March 1 and September 1	Aggregate:	120.0%
First Interest:	March 1, 2017	Min. Reoffering Price:	
Coupon Multiples:	1/8 or 1/20 of 1%	Each Maturity:	98.5%
Maximum Coupon:	5.00%	Aggregate:	99%
Minimum Coupon:	5.00% after March 1, 2027		
Maximum TIC:	N.A	PROCEDURAL	
		Sale Date:	January 10, 2017
		Bid Submission:	Electronic bids through PARITY only
		All or None:	Yes
		Bid Award Method:	Lowest Combined TIC
		Bid Confirmation:	Fax Signed PARITY screen
		Awarding of Bid:	City Mayor not later than 7:00 p.m. Eastern Daylight Time on Sale Date
		Good Faith Deposit:	As described on page 9 “Good Faith Deposit”
		Insurance:	May be purchased by the bidder at its option
PRINCIPAL			
Redemption Provisions:	Callable on March 1, 2027 and thereafter at par		
Principal Increases Each Maturity:	+20%		
Aggregate:	Aggregate Principal Not to Exceed \$12,000,000		
Principal Reductions Each Maturity:	-20%		
Aggregate:	-20%		
Term Bonds:	Any consecutive maturities after March 1, 2027; Must have sinkers equal to amortization		

Principal Maturities – Series 2017A* (Due March 1 in the years indicated)

<u>Due</u>	<u>Amount*</u>	<u>Due</u>	<u>Amount*</u>
<u>March 1*</u>		<u>March 1*</u>	
2017	\$ 565,000	2025	\$ 570,000
2018	570,000	2026	570,000
2019	570,000	2027	570,000
2020	570,000	2028	570,000
2021	565,000	2029	570,000
2022	570,000	2030	570,000
2023	570,000	2031	570,000
2024	570,000		

† If numerical or date references contained in the body of this Official Notice of Sale conflict with the Bidding Parameters Table, the body of this Official Notice of Sale shall control. Consult the body of this Official Notice of Sale for a detailed explanation of the items contained in the Bidding Parameters Table, including interpretation of such items and methodologies used to determine such items.

* Preliminary, subject to change.

BIDDING PARAMETERS TABLE†
\$16,950,000*General Obligation Refunding Bonds, Series 2017B

INTEREST		PRICING	
Dated Date:	January 25, 2017	Max. Reoffering Price:	
Delivery Date:	January 25, 2017	Each Maturity:	Unlimited
Interest Payment Dates:	March 1 and September 1	Aggregate:	120.0%
First Interest:	March 1, 2017	Min. Reoffering Price:	
Coupon Multiples:	1/8 or 1/20 of 1%	Each Maturity:	98.5%
Maximum Coupon:	5.00%	Aggregate:	99%
Minimum Coupon:	N.A.		
Maximum TIC:	N.A.	PROCEDURAL	
		Sale Date:	January 10, 2017
		Bid Submission:	Electronic bids through PARITY only
		All or None:	Yes
		Bid Award Method:	Lowest Combined TIC
PRINCIPAL			
Redemption Provisions:	N.A.	Bid Confirmation:	Fax Signed PARITY screen
Principal Increases Each Maturity:	+20%	Awarding of Bid:	City Mayor not later than 7:00 p.m. Eastern Daylight Time on Sale Date
Aggregate:	Aggregate Principal Not to Exceed \$19,000,000	Good Faith Deposit:	As described on page 9 “Good Faith Deposit”
Principal Reductions Each Maturity:	Unlimited	Insurance:	May be purchased by the bidder at its option
Aggregate:	Unlimited		
Term Bonds:	N.A.		

Principal Maturities – Series 2017B* (Due March 1 in the years indicated)

Due	Amount*
March 1*	
2021	\$ 2,580,000
2022	2,675,000
2023	2,765,000
2024	2,860,000
2025	2,965,000
2026	3,105,000

† If numerical or date references contained in the body of this Official Notice of Sale conflict with the Bidding Parameters Table, the body of this Official Notice of Sale shall control. Consult the body of this Official Notice of Sale for a detailed explanation of the items contained in the Bidding Parameters Table, including interpretation of such items and methodologies used to determine such items.

* Preliminary, subject to change.

The Series 2017B Bonds will be issued to refund \$17,750,000* of existing general obligation bonds previously issued by the City. A detailed description of the bonds being refunded can be located in the Preliminary Official Statement. The City wishes to achieve at least 3.0% present value savings. If at the time of pricing any of the refunded maturities weaken the City's present value savings, the City may opt to reduce the principal amount of the Series 2017B Bonds or to cancel the Series 2017B Bonds in their entirety.

THE BONDS

The Bonds will be issued in fully registered, book-entry-only form, without coupons; will be dated as of the date set forth in the Bidding Parameters Tables; will be issued in denominations of \$5,000 or integral multiples thereof; and will bear interest from their date until paid or duly called for redemption at the annual rate or rates specified by the successful bidder, subject to the limitations specified below, payable as shown on the Bidding Parameters Tables. Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board ("MSRB"). The Bonds must meet the minimum and maximum coupon and pricing criteria shown in the Bidding Parameters Tables on a maturity and aggregate basis.

Each series of the Bonds will mature on the month and day, in the years and principal amounts shown on the related Principal Maturity Schedule set forth in the related Bidding Parameters Tables as either serial bonds or as term bonds with sinking fund installments as described under "Designation of Term Bonds."

OPTIONAL REDEMPTION

The Series 2017A Bonds which mature on or before March 1, 2027 are not subject to redemption prior to their stated maturities. The Series 2017A Bonds maturing on or after March 1, 2028 are subject to prior redemption at the option of the City on and after March 1, 2027, in whole or in part on any date at par.

The Series 2017B Bonds are not subject to redemption prior to maturity.

DESIGNATION OF TERM BONDS

Bidders for the Bonds may, at their option, designate consecutive principal amounts payable on or after the maturity set forth in the related Bidding Parameters Table to be combined into term bonds as set forth in the related Bidding Parameters Tables. Each such term bond designated will be subject to mandatory sinking fund redemption commencing on the principal payment date of the first year which has been combined to form such term bond and continuing on the principal payment date in each year thereafter until the stated maturity date of such term bond, which will be the last year combined to form such term bond. The amount redeemed in any year will be equal to the principal amount for such year as set forth in the principal maturities schedule set forth in the related Bidding Parameters Table, subject to the adjustments as described therein. The Bonds to be redeemed in any year by mandatory sinking fund redemption will be redeemed at par.

SECURITY

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

The City, through the City Council, shall annually levy and collect a tax upon all taxable property within the City, in addition to all other taxes authorized by law, sufficient to pay principal of, premium, if

* Preliminary, subject to change.

any, and interest on the Bonds when due. Principal, premium, if any, and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the City and reimbursement therefore may be made out of such taxes when the same shall have been collected.

ADJUSTMENT OF AMOUNT AND MATURITIES

The principal amount of each maturity of each series of the Bonds is subject to adjustment by the City after the receipt of the bids for their purchase as specified in the related Bidding Parameters Table. Changes to be made after the opening of the bids will be communicated to the successful bidder for each series of the Bonds directly by 10:00 a.m., Eastern Daylight Time, on the date following the Sale Date.

Prior to the Sale Date, the City may cancel the sale of the Bonds or adjust the principal amount of any maturity of a series of the Bonds. Notice of a change or cancellation will be announced via Thomson Municipal News at the internet website address www.tm3.com not later than 12:00 Noon, Central Daylight Time, on the business day preceding the bid opening.

After the receipt of the bids for their purchase, the City may cancel the sale of the Bonds or adjust the principal amount of any maturity of a series of the Bonds; provided that such adjustments are within the limitations set forth in the related Bidding Parameters Table, calculated based on the applicable bid amount. The City will consult with the successful bidder before adjusting the amount of any maturity or canceling the sale of a series of the Bonds; however, the City reserves the right in its sole discretion to make adjustments, within the limits described above, or cancel one or more series of the Bonds. Any adjustments made after the opening of the bids will be communicated to the successful bidder directly by 10:00 a.m., Eastern Daylight Time, on the date following the Sale Date. Adjustments within the limits described above will not relieve a successful bidder from its obligation to purchase all of the Bonds offered by the City, assuming the City has satisfied all other conditions of this Official Notice of Sale.

In the event that the principal amount of any maturity of any series of the Bonds is revised after the award, the interest rate and reoffering price (as a percentage of principal) for each maturity and the Underwriter's Discount on such series of the Bonds as submitted by the successful bidder shall be held constant. The "Underwriter's Discount" shall be defined as the difference between the purchase price of the series of Bonds submitted by the bidder and the price at which such series of the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the series of Bonds bid.

FORM AND PAYMENT

The Bonds will be issued in fully registered, book-entry-only form and a bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds, with transfers of ownership affected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates for each series with DTC, registered in the name of Cede & Co. Principal of, and interest on the Bonds will be payable by the Paying Agent (hereinafter defined) by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to the beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. Neither the City nor the Paying Agent will be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. The successful bidder will be required to furnish to DTC within seven (7) days after the Sale Date the customary underwriter's questionnaire and information as to each DTC participant and the series of Bonds to be held for it.

Payment of principal of the Bonds will be made by the City by wire transfer through U.S. Bank National Association, the registrar and paying agent (the "Paying Agent"), to DTC or its nominee, Cede & Co., as registered owner of the Bonds on the month and day, in the years and amounts established in accordance with the award of each series of the Bonds. Interest on the Bonds is payable on the dates shown in the related Bidding Parameters Table. Interest payments on the Bonds will be mailed by the Paying Agent on each interest payment date to the owners of the Bonds at the addresses listed on the registration books maintained by the Paying Agent for such purpose. So long as DTC or its nominee is the registered owner of the Bonds, payments of principal and interest on the Bonds will be made to DTC or its nominee.

PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT

The City has authorized the preparation and distribution of a Preliminary Official Statement dated January 5, 2017 (the "Preliminary Official Statement") containing information relating to the Bonds. The Preliminary Official Statement comprises the deemed "final" Official Statement required by Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12). The City will deliver to the successful bidder on the date of closing a certificate, in its usual form, as to the completeness and accuracy of the Final Official Statement.

The Preliminary Official Statement, this Official Notice of Sale and any other information concerning the proposed financing will be available electronically at i-Deal's website, www.i-dealprospectus.com. Assistance in obtaining the documents will be provided by i-Deal's customer service at (212) 404-8104 or from PFM Financial Advisors LLC, 530 Oak Court Drive, Suite 160, Memphis, Tennessee 38117-3722, (901) 682-8356, yatsulan@pfm.com (Attention: Nick Yatsula).

The Preliminary Official Statement, when amended to reflect the actual amount of each series of the Bonds sold, the interest rates specified by the successful bidder and the price or yield at which the successful bidder will reoffer such series of the Bonds to the public, together with any other information required by law, will constitute a "Final Official Statement" with respect to the Bonds as that term is defined in Rule 15c2-12. No more than seven (7) business days after the date of the sale, the City will provide without cost to the successful bidder up to 50 copies of the Final Official Statement. If a series of the Bonds are awarded to a syndicate, the City will designate the senior managing underwriter of the syndicate as its representative for purposes of distributing copies of the Final Official Statement to each participating underwriter. Any underwriter submitting a bid with respect to a series of the Bonds agrees thereby that if its bid is accepted, it shall accept such designation and shall enter into a contractual relationship with all participating underwriters for the purpose of assuring the receipt and distribution by each participating underwriter of the Final Official Statement.

CONTINUING DISCLOSURE

As set forth in the Preliminary Official Statement, the City will contract with the successful bidder as to continuing disclosure as required by Rule 15c2-12 pursuant to the City's standard continuing disclosure certificate, copies of which are available upon request from the City. The form of the certificate is also set forth in the Preliminary Official Statement.

TAX STATUS

As set forth in the Official Statement and subject to the limitations set forth therein, Bond Counsel's opinions will include an opinion that, under existing law and subject to compliance by the City with certain covenants and requirements, interest on the Bonds will be excluded from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of computing the individual or corporate alternative minimum tax. The owner of the Bonds, however, may be subject to certain additional taxes or tax consequences arising with respect to ownership of the Bonds. For a discussion thereof, reference is hereby made to the Preliminary Official Statement and the forms of opinions contained therein. Such opinions of Bond Counsel will further include an opinion that, under existing Tennessee law, the Bonds and the income therefrom are exempt from all Tennessee state, county

and municipal taxes except for inheritance, transfer and estate taxes and except to the extent interest on the Bonds may be included within the measure of Tennessee franchise and excise taxes.

LEGAL OPINION

As a condition to the purchaser's obligation to accept delivery of and pay for each series of the Bonds, the City will furnish upon the delivery of the Bonds, the opinions as to the validity of the Bonds of Katten Muchin Rosenman LLP, New York, New York, Bond Counsel to the City, together with the usual closing documents. A copy of the forms of such legal opinions are attached to the Preliminary Official Statement as Appendix B.

Bond Counsel will express no opinion regarding federal or state tax consequences arising with respect to the Bonds except as stated above.

ELECTRONIC BIDDING

Electronic bids may be submitted via PARITY[®] only. No other provider of electronic bidding services will be accepted. The use of PARITY[®] electronic bidding shall be at the bidder's risk and expense, and the City shall have no liability with respect thereto. The City is using electronic bidding as a communications medium and PARITY[®] is not acting as the City's agent.

Each electronic bid submitted via PARITY[®] shall be deemed an offer, in response to this Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The successful bidder must confirm such bid by a signed PARITY[®] Bid Form and a signed statement of reoffering prices, both delivered by fax or email to the City (at the number specified in "Contacts" at the front of this Official Notice of Sale) no later than one hour after being notified by the City of being the winning bidder, the original of each of which must be received by City on the following business day at the address shown above. Failure to deliver this written confirmation does not relieve the bidder of the obligation to purchase each series of Bonds.

If any provisions of this Official Notice of Sale conflict with information provided by PARITY[®], this Official Notice of Sale shall control. The City is not bound by any advice or determination of PARITY[®] as to whether any bid complies with the terms of this Official Notice of Sale. The time as maintained by PARITY[®] shall constitute the official time with respect to all bids submitted.

ELIGIBILITY TO BID

The City does not have a registration requirement for prospective bidders. However, bidders must be contracted customers of the BidCOMP Competitive Bidding System and should promptly contact PARITY[®] directly at (212) 404-8102 for information about PARITY[®], including its rules and fees, and becoming a contracted customer.

FORM OF BID, INTEREST RATES AND BID PRICES

All bids must conform to the requirements of this Official Notice of Sale. Bidders must bid to purchase all maturities of the Bonds. No bid will be considered which does not offer to purchase all of the Bonds. Each bid must specify (1) an annual rate of interest for each maturity of each series, (2) reoffering price or yield for each maturity of each series and (3) a dollar purchase price for the entire issue of the Bonds.

A bidder must specify the rate or rates of interest per annum (with no more than one rate of interest per maturity), which the series of the Bonds are to bear, to be expressed in the coupon rate multiples set forth in the related Bidding Parameters Table. Any number of interest rates may be named, but the Bonds of each maturity of a series must bear interest at the same single rate for all Bonds of that maturity.

Each bid for a series of the Bonds must meet the minimum and maximum coupon and pricing criteria shown in the related Bidding Parameters Table on a maturity and aggregate basis.

Each bidder must specify, as part of its bid, the prices or yields at which a substantial amount (i.e., at least 10%) of the Bonds of each maturity of a series will be offered and sold to the public. Reoffering prices presented as a part of the bids will not be used in computing the bidders' true interest cost. As promptly as reasonably possible after bids are received, the City will notify the successful bidder for all series of the Bonds that it is the apparent winner.

MUNICIPAL BOND INSURANCE

Each bidder for a series of the Bonds must specify, as part of its bid, whether a commitment for bond insurance has been obtained by such bidder and, if so, the amount of the premium for such insurance. The amount of any such premium must be included in the purchase price for a series of the Bonds. The failure of a bidder to specify insurance in its bid will constitute a representation that the bidder has not obtained such an insurance commitment or that such insurance does not result in arbitrage true interest cost savings to the City. If an insurance commitment has been obtained and the insurance will produce arbitrage true interest cost savings to the City, such matters must be confirmed at the time the bidder is notified that it is the apparent winner, as described in "FORM OF BID, INTEREST RATES AND BID PRICES" above, and also with a certificate, and the successful bidder must furnish other related certificates from the insurer, satisfactory to the City in form and substance, delivered simultaneously with delivery of the Bonds. Qualification of insurance for the Bonds is borne by the bidder.

AWARD OF BID

The City expects the Bonds will be awarded to the winning bidder not later than 7:00 p.m. Eastern Daylight Time on the Sale Date. Bids may not be withdrawn prior to the award. Unless all bids are rejected, the Bonds will be awarded by the City on the Sale Date to the bidder whose bid complies with this Official Notice of Sale and results in the lowest true interest cost to the City. The lowest true interest cost will be determined in accordance with the True Interest Cost ("TIC") method by doubling the semi-annual interest rate, compounded semi-annually, necessary to discount the debt service payments from the payment dates to the Dated Date of the Bonds and to the aggregate purchase price of the Bonds. If two or more bidders offer to purchase the Bonds at the same lowest TIC, the Bonds may be apportioned between such bidders if it is agreeable to each of the bidders who have offered the price producing the same lowest TIC; provided, that if apportionment is not acceptable to such bidders, the City will have the right to award the Bonds to one of such bidders. There will be no auction.

RIGHT OF REJECTION

The City expressly reserves the right (i) to waive any informalities, (ii) to reject all bids, any incomplete bid or any bid not fully complying with all of the requirements set forth herein, and (iii) to solicit new bids or proposals for the sale of the Bonds or otherwise provide for the public sale of the Bonds if all bids are rejected or the winning bidder defaults.

DELIVERY AND PAYMENT

Delivery of each series of the Bonds will be made by the City to DTC in book-entry-only form, on or about the Delivery Date shown in the related Bidding Parameters Table, or such other date agreed upon by the City and the successful bidder. Payment for the Bonds must be made in Federal Funds or other funds immediately available to the City at the time of delivery of the Bonds. Any expenses incurred in providing immediate funds, whether by transfer of Federal Funds or otherwise, will be borne by the purchaser. The cost of printing the Bonds, if any, will be borne by the City.

RIGHT OF CANCELLATION

The successful bidder will have the right, at its option, to cancel its obligation to purchase if the Registrar fails to execute the Bonds and tender the same for delivery within 60 days from the date of sale thereof, and in such event the successful bidder will be entitled to the return of the Good Faith Deposit accompanying its bid.

GOOD FAITH DEPOSIT

A Good Faith Deposit of \$250,000 is required of the winning bidder of the Bonds. The winning bidder of the Bonds is required to submit such Good Faith Deposit payable to the order of the City in the form of a wire transfer in federal funds as instructed by the City's Financial Advisor, PFM Financial Advisors LLC. The winning bidder shall submit the Good Faith Deposit not less than two hours after verbal award is made. The winning bidder should provide as quickly as it is available, evidence of wire transfer by providing the City the federal funds reference number. If the Good Faith Deposit is not received in the time allotted, the bid of a winning bidder may be rejected and the City may direct the next lowest bidder to submit a Good Faith Deposit and thereafter may award the sale of the Bonds to the same.

Submission of a bid to purchase the Bonds serves as acknowledgement and acceptance of the terms of the Good Faith Deposit requirement.

The Good Faith Deposit so wired will be retained by the City until the delivery of the Bonds, at which time the Good Faith Deposit will be applied against the purchase price of the Bonds or the Good Faith Deposit will be retained by the City as partial liquidated damages in the event of the failure of the successful bidder to take up and pay for the Bonds in compliance with the terms of this Official Notice of Sale and of its bid. No interest on the Good Faith Deposit will be paid by the City. The winning bidder must wire the balance of the purchase price in federal funds to the account detailed in the closing memorandum, simultaneously with delivery of the Bonds.

NO LITIGATION

There is no litigation pending concerning the validity of the Bonds, the existence of the City, or the entitlement of the officers thereof to their respective offices, and the successful bidder will be furnished a no-litigation certificate certifying to the foregoing as of and at the time of the delivery of the Bonds.

CUSIP NUMBERS

It is anticipated that CUSIP numbers will be assigned to the Bonds, but neither failure to print such numbers to any Bond nor any error with respect thereto will constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. The policies of the CUSIP Service Bureau will govern the assignment of specific numbers to the Bonds. The successful bidder will be responsible for applying for and obtaining, subject to the CUSIP Service Bureau policy and procedures, CUSIP numbers for the Bonds. All expenses in relation to the CUSIP Service Bureau charge for the assignment of said numbers will be the responsibility of and will be paid for by the successful bidder.

BLUE SKY

The City has not taken any action relating to the requirements of the securities or "blue sky" laws of any jurisdiction with respect to the offer and sale of the Bonds. In addition, the City is aware that certain jurisdictions have filing requirements, which must be satisfied prior to any offer and sale of the Bonds to the public.

REOFFERING PRICE CERTIFICATE

Within one-half hour of the bid opening on January 10, 2017 (or such other date or time as may be determined by the City pursuant to this Official Notice of Sale), the successful bidder (or manager of the purchasing account) must notify the City by facsimile transmission to the City Finance Officer at (423) 643-7399 and by electronic mail to dmadison@chattanooga.gov of the initial offering prices and yields of the related series of the Bonds to the public. **The information regarding the initial offering prices and yields of such series of the Bonds shall be based on the successful bidder's expectations as of the date of sale.** The facsimile notification must be confirmed in writing in form and substance satisfactory to the City's Bond Counsel prior to the delivery of each series of the Bonds and which shall be in substantially the following form: "A bona fide public offering was made for all of the Bonds on this sale date at the initial public offering prices (or yields) shown on the inside cover page of the Final Official Statement. As of such sale date, (i) based upon our assessment of market conditions, investor demand, sale and offering prices for comparable bonds, recent behavior of interest rates and other market conditions, we reasonably expected that the first prices (or yields) at which at least 10% of each maturity of the Bonds would be sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) would be those prices (or yields) and that none of the Bonds would be sold to the public at prices higher than or at yields less than those prices (or yields) and at least 10% of each maturity of the Bonds was sold to the public at such initial offering prices (except to the extent that such other representation under the facts and circumstances as to the actual sale is acceptable to Bond Counsel) and (ii) such initial offering prices (or yields) represented a fair market value for the Bonds."

ADDITIONAL INFORMATION

Additional information may be obtained from Daisy W. Madison, City Finance Officer, dmadison@chattanooga.gov, (423) 643-7360, or Nick Yatsula, yatsulan@pfm.com, of PFM Financial Advisors LLC, (901) 682-8356.

CITY OF CHATTANOOGA, TENNESSEE

By: /s/ Andy Berke

Honorable Andy Berke

City Mayor

Dated: January 5, 2017