

RESOLUTION NO. 24346

A RESOLUTION AUTHORIZING THE REFUNDING OF CERTAIN GENERAL OBLIGATION BONDS OF THE CITY OF CHATTANOOGA AND THE ISSUANCE AND SALE OF AN AMOUNT NOT TO EXCEED \$60,000,000 PRINCIPAL AMOUNT OF THE CITY OF CHATTANOOGA, GENERAL OBLIGATION REFUNDING BONDS, SERIES 2005 A.

WHEREAS, the City Council desires at this time to sell an amount not to exceed \$60,000,000 principal amount of Bonds (the "Bonds") in order to refund certain outstanding General Obligation Bonds;

WHEREAS, the approval of the state director of local finance has been received;

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

NOW, THEREFORE,

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

SECTION 1. That the refunding of all or a portion of the City of Chattanooga's outstanding General Obligation Bonds, Series 1998 (the "Series 1998 Bonds") and General Obligation Bonds, Series 2001 (the "Series 2001 Bonds," together with the Series 1998 Bonds, the "Refunded Bonds") by the issuance of general obligation refunding bonds, provided that an

aggregate present value debt service savings equal to at least 3.00 percent of the aggregate debt service on the bonds to be refunded, is hereby authorized, and that the Mayor and/or Finance Officer are hereby authorized to proceed herewith. The specific maturities of the Refunded Bonds to be refunded and/or redeemed shall be determined by the Mayor and/or Finance Officer and set forth in a supplemental resolution to be adopted by the City Council. 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 2. That the authority to appoint an Escrow Agent and Escrow Verification Agent in connection with any such refunding is hereby delegated to the Mayor and/or Finance Officer.

SECTION 3. The City hereby authorizes publication, if necessary, not later than two days subsequent to the date of issuance of the Bonds in a financial journal published in New York, New York, having a national circulation, and in a newspaper of general circulation published in the City, a notice of intention to redeem the Refunded Bonds in substantially the form set forth in Exhibit A attached hereto.

SECTION 4. That the City hereby authorizes publication, if necessary, in the name of the City, as soon as practicable after the date of delivery of the Bonds, but in no event more than one week after such date, in a financial journal published in New York, New York, having a national circulation, and in a newspaper of general circulation published in the City, a notice of issuance of the Bonds in substantially the form set forth in Exhibit B attached hereto.

SECTION 5. That there be issued and sold Bonds of the City of Chattanooga, Tennessee, in the amount not to exceed \$60,000,000, to be known as "CITY OF

CHATTANOOGA, GENERAL OBLIGATION REFUNDING BONDS, SERIES 2005 A.” The Bonds may be issued in one or more series. The Bonds shall be dated as determined by the Mayor and/or Finance Officer and set forth in a supplemental resolution to be adopted by the City Council, shall be issued in registered form in the denomination of \$5,000 or any integral multiple thereof, and shall bear interest at a rate or rates not to exceed the rate or rates prescribed by law, said interest to be payable semiannually on such dates as determined by the Mayor and/or Finance Officer and set forth in a supplemental resolution to be adopted by the City Council. Principal and redemption price, if any, of and interest on the Bonds shall be payable in accordance with Section 12 hereof. The Bonds shall mature on the dates and in the years and amounts as determined by the Mayor and/or Finance Officer and as set forth in a subsequent resolution adopted by the City Council, described hereinafter.’

The Mayor and/or Finance Officer may determine redemption periods, the Bonds subject to redemption and redemption dates in order to increase marketability of the Bonds and maximize the City’s debt service savings which shall be reflected in the Bond Purchase Agreement to be negotiated by the Mayor and/or Finance Officer and subject to subsequent ratification by Resolution 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). 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 6. 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 year.

SECTION 7. Pursuant to Section 9-21-910, of the Act, a negotiated sale of the Bonds is hereby authorized. Such negotiated sale shall be subject to the terms and conditions set forth in Section 20 of this Resolution.

SECTION 8. The proceeds derived from the sale of the Bonds shall be used for the purpose of paying the Refunded Bonds. The proceeds derived from the sale of the Bonds, exclusive of the costs of issuance (which issuance costs include, but are not limited to, bond counsel fees, printing costs and insurance premium), shall be invested in accordance with the Escrow Agreement (as hereinafter defined) by the Escrow Agent (as hereinafter defined), and shall be disbursed only for the above purpose, in accordance with the terms and conditions of the Escrow Deposit Agreement, authorized by Section 22 of this Resolution.

SECTION 9. 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 (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 10. 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 11. 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 City.

SECTION 12. The Bonds shall 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 13. 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 Fiscal Agent 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 11 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 14. The 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

REFUNDING BONDS, SERIES 2005 A.

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 semiannually on _____ 1 and _____ 1 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 City of Chattanooga, General Obligation Refunding Bonds, Series 2005 A, 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, and pursuant to the resolutions duly adopted by the City Council of said City on _____, 2005 and _____, 2005 (collectively, the "Resolutions") which Resolutions authorize the issuance of Bonds for the purpose of refunding certain of the City's outstanding General Obligation Bonds as set forth in Resolution No. _____.

Reference is hereby made to the further provisions of this bond set forth on the reverse side hereof and such further provisions shall for all purposes have the same effect as if set forth on the front side hereof.

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 bond 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 Officer by his manual or facsimile signature, this the ___ day of _____, 2005.

CITY OF CHATTANOOGA, TENNESSEE

BY: _____
Mayor

ATTEST:

City Finance Officer

[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 Mayor and/or Finance Officer may determine redemption periods, the Bonds subject to redemption and redemption dates in order to increase marketability of the Bonds and

maximize the City's debt service savings which shall be reflected in the Bond Purchase Agreement to be negotiated by the Mayor and/or Finance Officer and subject to subsequent ratification by Resolution 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 Registrar and Paying 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 Resolutions 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 bond. 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 15.

(a) As per the direction of the initial purchasers of the Bonds, the ownership of one fully registered Bond for each maturity of the Bonds shall be registered in the name of Cede & Co. ("Cede"), as nominee of the Depository Trust Company ("DTC"), New York, New York.

(b) 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. 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.

(c) (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 15, as the case may be.

SECTION 16. The City shall comply with each requirement of the Internal Revenue Code of 1986, as amended, (the "Code") necessary to maintain the exclusion of interest on the Bonds from gross income for Federal income tax purposes. 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 the 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.

The City shall make any and all payments required to be made to the United States Department of the Treasury in connection with the Bonds pursuant to Section 148(f) of the Code from amounts on deposit in the funds and accounts established under this resolution and available therefor.

Notwithstanding any other provision of this resolution to the contrary, so long as necessary in order to maintain the exclusion from gross income of interest on the Bonds for Federal income tax purposes, the covenants contained in this Section 16 shall survive the payment of the Bonds and the interest thereon, including any payment or defeasance thereof pursuant to Section 17 of this resolution.

SECTION 17. 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:

1. by paying the principal of and interest on the Bonds when the same shall become due and payable; or
2. 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
3. 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:

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

(2) 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;

(3) 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

(4) Debt obligations, whether or not interest thereon is exempt from federal income taxes, which, at the time of deposit, are rated by either Fitch Investors Service Inc. ("Fitch") 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 Fitch 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

(5) 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 18. The Mayor and the City Finance Officer are hereby authorized on behalf of the City to, or, in the alternative authorize any member or employee of Pillsbury Winthrop LLP or Public Financial Management, submit subscriptions to any Federal Reserve Bank or Branch for the purchase of United States Treasury obligations --State and Local Government Series, in book entry form on the books of the Department of the Treasury, Bureau of Public Debt, or the direct obligations, the principal of and interest on which are fully and unconditionally guaranteed as to timely payment of principal and interest by, the United States of America, in such amounts, maturing at such times and bearing such rates of interest as shall be necessary (taking into account any moneys or other securities deposited with the trustee at the same time for such purpose) to pay when due the principal and the Redemption Price (if any) of, and interest on, the Refunded Bonds; and to take such other action as he may deem necessary or appropriate to effectuate the submission of said subscriptions and the purchase of said securities.

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

SECTION 20. The Mayor and/or Finance Officer are authorized to enter into negotiations to select an underwriter, or group of underwriters, for the Bonds to be named in the Bond Purchase Agreement (collectively, the "Underwriter") and to enter into the Bond Purchase Agreement in order to increase marketability of the Bonds and maximize the City's debt service savings which shall be reflected in the Bond Purchase Agreement to be negotiated by the Mayor and/or Finance Officer and subject to subsequent ratification by Resolution adopted by the City

Council. The Bonds shall be sold to the Underwriter, at the purchase price and on the terms and conditions set forth in a Bond Purchase Agreement, with the principal amount, interest rates and maturities as so determined by the Mayor and/or City Finance Officer subject to the limitations set forth in Section 1 and 5 hereof. The terms of the Bonds and the Bond Purchase Agreement 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 or the City Finance Officer is hereby authorized to deliver the executed Bonds to the Underwriter(s) upon the payment of the amount specified in the Bond Purchase Contract and Pillsbury Winthrop LLP shall deliver the opinion approving the validity of said Bonds.

SECTION 21. 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 22. The Mayor and/or Finance Officer are authorized to negotiate and enter into an Escrow Deposit Agreement to enhance the marketability of the Bonds and maximize the City's debt service savings subject to subsequent ratification by Resolution

adopted by the City Council. The Mayor and/or Finance Officer are hereby authorized to select an Escrow Agent under the Escrow Deposit Agreement.

SECTION 23. 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 270 days from the end of its fiscal year, established as a result of the Securities and Exchange Commissions adoption of the amendments to Rule 15c2-12 issued under the Securities and Exchange Act of 1934.

ADOPTED: February 22, 2005

I, Carol K. O'Neal, CMC, 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. 24346, adopted by the City Council of the City of Chattanooga, Tennessee on February 22, 2005.

WITNESS my hand and the Seal of the City of Chattanooga, Tennessee, this 23rd day of February, 2005.

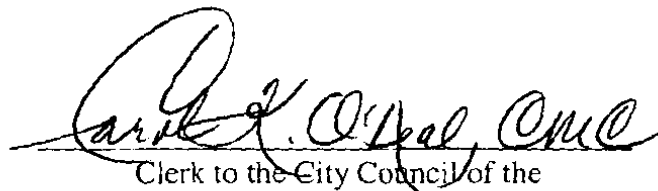

Clerk to the City Council of the
City of Chattanooga, Tennessee

EXHIBIT A

NOTICE OF INTENTION TO REFUND
THE CITY OF CHATTANOOGA, TENNESSEE

Pursuant to Section 9-21-912 of the Tennessee Code Annotated, notice is hereby given to the owners of the outstanding City of Chattanooga, Tennessee Bonds consisting of \$_____ General Obligation Bonds, Series 1998, issued on March 19, 1998 (the "Series 1998 Bonds") and consisting of \$_____ General Obligation Bonds, Series 2001, issued on April 3, 2001 (the "Series 2001 Bonds," together with the Series 1998 Bonds, the "Bonds"). Said Series 1998 Bonds will be called for early redemption on _____. Said Series 2001 Bonds will be called for early redemption on _____. The Bonds will mature in the years and in the amount as follows:

Series 1998 Bonds

<u>Maturity</u>	<u>Amount</u>	<u>Maturity</u>	<u>Amount</u>
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Series 2001 Bonds

<u>Maturity</u>	<u>Amount</u>	<u>Maturity</u>	<u>Amount</u>
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The Bonds are being refunded by the City of Chattanooga, Tennessee, General Obligation Refunding Bonds, Series 2005 A, dated _____, to be delivered on _____, 2005.

The redemption price of, and accrued interest on such Series 1998 Bonds shall become due and payable on _____, _____, and thereafter, interest on such Series 1998 Bonds shall cease to accrue and be payable. The redemption price of, and accrued interest on such Series 2001 Bonds shall become due and payable on _____, _____, and thereafter, interest on such Series 2001 Bonds shall cease to accrue and be payable.

Owners of such Bonds will receive payment of the redemption price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal offices of the Fiscal Agent.

Dated this ____ day of _____, 2005.

CITY OF CHATTANOOGA, TENNESSEE

EXHIBIT B

NOTICE OF ISSUANCE OF REFUNDING BONDS TO REDEEM
THE CITY OF CHATTANOOGA, TENNESSEE

Pursuant to Section 9-21-913 of the Tennessee Code Annotated, notice is hereby given to the owners of the outstanding General Obligation Bonds, ____, of the City of Chattanooga, Tennessee (the "City"), issued on _____, ____ (the "Bonds") that said Bonds have been refunded by the City of Chattanooga, Tennessee General Obligation Refunding Bonds, Series 2005 A, dated _____, issued on _____, 2005. The Bonds will mature in the years and amounts as follows:

<u>Bonds</u>			
<u>Maturity</u>	<u>Amount</u>	<u>Maturity</u>	<u>Amount</u>
			<u>\$00,000.00</u>

The Bonds issued in the aggregate principal amount of \$_____ will be called for redemption prior to maturity as of _____, in accordance with their terms.

The redemption price of and accrued interest on the Bonds shall become due and payable on _____, ____, and from and after _____, ____, interest on the Bonds shall cease to accrue and be payable

Owners of such Bonds will receive payment of the redemption price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal offices of the Fiscal Agent.

Dated this _____ day of _____, 2005.

CITY OF CHATTANOOGA, TENNESSEE

By THE CITY, as Paying Agent