

RESOLUTION NO. 26188

A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF THIRTY FOUR MILLION TWO HUNDRED SIXTY-FIVE THOUSAND DOLLARS (\$34,265,000) CITY OF CHATTANOOGA, TENNESSEE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2010B AND AUTHORIZING CERTAIN ACTIONS RELATED THERETO.

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WHEREAS, pursuant to the provisions of Sections 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. 26165 on January 5, 2010 (the "Resolution") authorizing the refunding of all or portion of the City of Chattanooga, Tennessee General Obligation Bonds, Series 2002 (the "Series 2002 Bonds") and General Obligation Bonds, Series 2003A (the "Series 2003A Bonds") and authorizing the issuance and sale of an amount not to exceed \$55,000,000 principal amount of General Obligation Refunding Bonds, Series 2010B (the "Series 2010B Bonds"), which Resolution sets forth the terms and conditions of the Series 2010B Bonds;

WHEREAS, the provision of the Resolution required the adoption of a supplemental resolution by the Council to set the maturity dates and principal amount of the Series 2010B Bonds;

WHEREAS, the Council desires at this time to issue and sell \$34,265,000 principal amount of Series 2010B Bonds in order to refund Series 2002 Bonds maturing in the years 2013, 2014, 2015, 2016, 2017, 2020, 2021, 2022, 2028, 2029 and 2030 and Series 2003A Bonds maturing in the years 2012, 2013, 2014 and 2015 (the "Refunded Bonds");

WHEREAS, pursuant to Notice of Sale dated January 14, 2010 for the City Of Chattanooga, Tennessee General Obligation Bonds, Series 2010B (the "Bonds"), the following proposals have been received:

<u>BIDDER</u>	<u>TRUE INTEREST RATE</u>
Morgan Keegan & Co., Inc.	3.671672
Hutchinson, Shockey, Erley & Co.	3.696991
BB&T Capital Markets	3.716943
Wachovia Bank, National Association	3.756038
Citigroup Global Markets Inc.	3.807610
Morgan Stanley & Co. Inc.	3.810965

WHEREAS, the proposal of Morgan Keegan & Co., Inc. ("Purchaser") offering to pay the principal sum of \$34,265,000 less the underwriters discount of \$390,963.65, plus premium in the amount of \$514,399.25, bearing a true interest rate of 3.671672% 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 \$34,265,000 City Of Chattanooga, Tennessee General Obligation Bonds, Series 2010B, dated January 27, 2010, 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**

<u>Feb.1</u>	<u>Principal Amount</u>	<u>Rate</u>	<u>Feb. 1</u>	<u>Principal Amount</u>	<u>Rate</u>
2011	275,000	2.000%	2021	2,325,000	4.000%
2012	1,125,000	2.000%	2022	2,480,000	4.000%
2013	1,145,000	2.000%	2023	2,640,000	4.000%
2014	2,420,000	2.000%	2024	105,000	4.000%
2015	2,490,000	2.000%	2025	105,000	4.000%
2016	2,560,000	2.750%	2026	110,000	4.000%
2017	1,780,000	3.000%	2027	115,000	4.000%
2018	1,885,000	3.000%	2028	120,000	4.000%
2019	155,000	3.250%	2031	12,270,000	4.000%
2020	160,000	3.500%			

Interest on the Bonds is payable on August 1, 2010 and each February and November 1 thereafter.

The Bonds maturing on or after February 1, 2019 are subject to optional redemption prior to maturity by the City, or on after February 1, 2018, out of money deposited with or held by the Registration Agent for such purpose, as a whole or in part at any time at the price of par.

The Bonds maturing on February 1, 2031 are subject to mandatory redemption in the following principal amounts without premium on the following dates:

<u>Date</u> <u>(February 1)</u>	<u>Principal Amount</u>
2029	3,865,000
2030	4,085,000
* 2031	4,320,000

(\*Final 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 City of Chattanooga, Tennessee,

General Obligation Bonds, Series 2010B, and to deliver said Bonds to the Underwriters and to receive payment therefor without further authority from this City Council.

**Section 3.** That the Official Statement dated January 20, 2010 and the information contained therein to be used in connection with the offering and sale of said Series 2010B 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 14, 2010, 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 4.** That U.S. Bank National Association is hereby appointed registrar and paying agent for said 2010B Bonds and as Escrow Agent for the Refunded Bonds.

**Section 5.** That the Escrow Agreement dated January 28, 2010 between the City and U.S. Bank National Association, as Escrow Agent, is hereby approved and that the Mayor and/or City Finance Officer are hereby authorized to execute the Escrow Agreement.

**Section 6.** That the issuance and sale of \$34,265,000 principal amount of Series 2010B Bonds in order to refund the Refunded Bonds is hereby approved.

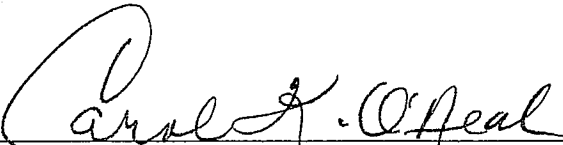
**Section 7.** The Arbitage Group, Inc. is hereby appointed verification agent.

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

ADOPTED: January 20, 2010

I, Carol K. O'Neal, 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. 26188, adopted by the City Council of the City of Chattanooga, Tennessee on January 20, 2010.

WITNESS my hand and the Seal of the City of Chattanooga, Tennessee, this 20th day of January, 2010.

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