

RESOLUTION NO. 28432

A RESOLUTION AUTHORIZING EIGHTEEN MILLION NINE HUNDRED AND FIFTY FIVE THOUSAND DOLLARS (\$18,955,000) CITY OF CHATTANOOGA, TENNESSEE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015B, 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. 28393 on September 15, 2015 (the “Resolution”) authorizing the refunding of all or a portion of the City of Chattanooga’s General Obligation Bonds, Series 2009 (the “Series 2009 Bonds”) and General Obligation Bonds Series 2010A (the Series 2010A Bonds”, together with the Series 2009 Bonds, the “Prior Bonds”) and authorizing the issuance and sale of an amount not to exceed \$22,000,000 principal amount of General Obligation Refunding Bonds, Series 2015B 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;

WHEREAS, pursuant to Notice of Sale dated October 14, 2015 for the City of Chattanooga, Tennessee General Obligation Refunding Bonds, Series 2015B (the “Bonds”), the following proposals have been received for the Bonds:

BIDDER

TRUE INTEREST RATE

Piper Jaffray	2.235386%
FTN Financial Capital Markets	2.24366
J.P. Morgan Securities LLC.	2.246584
Citigroup Global Markets Inc.	2.252496
Morgan Stanley & Co., Inc.	2.57247
Robert W. Baird & Co., Inc.	2.279967
FirstSouthwest	2.280499
Bank of America Merrill Lynch	2.287163
Wells Fargo Bank, National Association	2.304971
SunTrust Robinson Humphrey	2.331672

WHEREAS, the proposal of Piper Jaffray (“Purchaser”) offering to pay the principal sum of \$18,955,000 plus premium in the amount of \$2,619,444.80, together with accrued interest, bearing a true interest rate of 2.149692% 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 \$18,955,000 City of Chattanooga, Tennessee General Obligation Refunding

Bonds, Series 2015B, dated November 10, 2015, 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>Nov. 1</u>	<u>Principal Amount</u>	<u>Rate</u>
2021	\$ 2,580,000	3.0000%
2022	2,550,000	3.0000
2023	2,520,000	3.0000
2024	2,515,000	5.0000
2025	2,205,000	5.0000
2026	2,215,000	5.0000
2027	2,205,000	3.0000
2028	2,165,000	3.0000

Interest on the Bonds is payable on May 1, 2016 and each November 1 and May 1 thereafter.

The Bonds maturing on or after November 1, 2026 are subject to optional redemption prior to maturity by the City, or on after November 1, 2025, 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.

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, 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 October 20, 2015, 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 October 14, 2015, and Notice of Sale of the City, dated October 14, 2015, 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 2009 Bonds maturing in the years 2021 through 2028 (the "Series 2009 Refunded Bonds"), and outstanding Series 2010A Bonds maturing in the years 2022 through 2025 (the "Series 2010A Refunded Bonds", together with the Series 2009 Refunded Bonds, 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 US Bank is hereby appointed registrar and paying agent for said Bonds.

SECTION 7. That the City hereby appoints US Bank 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 November 10, 2015 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: October 20, 2015

CITY OF CHATTANOOGA, TENNESSEE

and

ESCROW AGREEMENT

DATED October __, 2015

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS, FINDINGS AND DETERMINATIONS BY THE CITY 1
Section 1.01 Definitions..... 1

ARTICLE II

ESTABLISHMENT OF FUNDS; FLOW OF FUNDS.....2
Section 2.01 Creation of Escrow Deposit Fund and Accounts Therein; Directions to Escrow Agent; Representations of City..... 2
Section 2.02 Irrevocable Deposit; Express Lien..... 3
Section 2.03 Matters Related to Tax-Exemption of Refunded Bonds and 2015B Bonds. 3
Section 2.04 Transfers from Escrow Deposit Fund. 3
Section 2.05 Funds and Accounts Constitute Irrevocable Escrow Fund. 3
Section 2.06 Transfer of Funds after all Payments Required by this Agreement are Made. 3
Section 2.07 Reports to be Submitted by Escrow Agent. 4
Section 2.08 Indemnity. 4
Section 2.09 Responsibilities of Escrow Agent..... 4
Section 2.10 Agreement to Notify Paying Agents to Call Refunded Bonds. 5

ARTICLE III

CONCERNING THE ESCROW AGENT5
Section 3.01 Successor Escrow Agent..... 5

ARTICLE IV

MISCELLANEOUS7
Section 4.01 Amendments to this Agreement..... 7
Section 4.02 Substitution of Securities. 7

Section 4.03	Severability	8
Section 4.04	Agreement Binding	8
Section 4.05	Termination	8
Section 4.06	Governing Law.	8
Section 4.07	Execution by Counterparts.....	8

EXHIBITS

SCHEDULE A	-	INVESTMENTS IN ESCROW DEPOSIT FUND
SCHEDULE B	-	PAYMENT REQUIREMENTS ON REFUNDED BONDS
SCHEDULE C	-	NOTICES OF REDEMPTION

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the “Agreement”) made and entered into October __, 2015, by and between the City of Chattanooga, Tennessee (the “City”), and _____, as Escrow Agent, under the City’s Resolutions adopted on _____, 2015 and _____, 2015 (collectively, the “Resolutions”):

WITNESSETH:

WHEREAS, the City has heretofore issued the City of Chattanooga, Tennessee General Obligation Refunding Bonds, Series 2009, (the “Series 2009 Bonds”) and the City of Chattanooga, Tennessee General Obligation Bonds, Series 2010A, (the “Series 2010A Bonds”); and

WHEREAS, \$18,160,000 aggregate principal amount of the Series 2009 Bonds maturing on November 1, 2021 through November 1, 2028, both inclusive, (the “Series 2009 Refunded Bonds”), and \$1,340,000 aggregate principal amount of the Series 2010A Bonds maturing February 1, 2022 through February 1, 2025, both inclusive (the “2010A Refunded Bonds”), are to be refunded by the deposit of moneys or investment securities in an amount sufficient to pay the principal of, redemption price (if any) and interest of the Refunded Bonds, in accordance with the terms of this Agreement; and

WHEREAS, on the date hereof the City is issuing the CITY OF CHATTANOOGA, TENNESSEE \$_____ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015B (the “2015B Bonds”) to provide a source of funds to refund the Refunded Bonds, as more particularly described herein; and

WHEREAS, in order to redeem the 2009 Refunded Bonds on November 1, 2018 and the 2010A Refunded Bonds on February 1, 2018 (the “Redemption Dates”), the City shall cause the Escrow Agent to deposit the amount of \$_____ (\$_____ in the 2009 Advance Refunding Account and \$_____ in the 2010A Advance Refunding Account) in the Escrow Deposit Fund (as such term is hereinafter defined) which amount consists of proceeds of the 2015B Bonds (collectively, the “Deposited Amount”); and

WHEREAS, \$_____ of the Deposited Amount will, simultaneously with the execution hereof, be applied to the purchase of the U.S. Obligations (as hereinafter defined), and \$_____ of the Deposited Amount will be held uninvested as cash (the “Initial Cash Deposit”); and

WHEREAS, in order to provide for the proper and timely application of the moneys deposited in said Irrevocable Escrow Deposit Fund to the payment of the Refunded Bonds, it is necessary to enter into this Escrow Agreement with the Escrow Agent on behalf of the holders from time to time of the Refunded Bonds:

ARTICLE I

DEFINITIONS, FINDINGS AND DETERMINATIONS BY THE CITY

Section 1.01 Definitions. In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended;

“Agreement” shall mean this Escrow Agreement, dated October __, 2015, between the City and the Escrow Agent.

“Authorized Officer” shall mean the City Finance Officer and Assistant City Finance Officer and any other officer of the City so designated in a Resolution of the City Council.

“City” shall mean the City of Chattanooga, Tennessee.

“Escrow Agent” shall mean _____.

“Escrow Deposit Fund” shall mean the fund created pursuant to Section 2.01 of this Agreement and shall include the 2009 Advance Refunding Account and the 2010A Advance Refunding Account.

“Paying Agent” shall mean that person named as paying agent, or any successor thereto, pursuant to the Resolution of the City, with respect to the Refunded Bonds.

“Refunded Bonds” shall mean the 2009 Refunded Bonds and the 2010A Refunded Bonds.

“Series 2009 Bonds” shall mean the City’s General Obligation Bonds Series 2009.

“Series 2009 Refunded Bonds” shall mean the Series 2009 Bonds maturing November 1, 2021 through November 1, 2028, both inclusive.

“Series 2010A Bonds” shall mean the City’s General Obligation Bonds Series 2010A.

“Series 2010A Refunded Bonds” shall mean the Series 2010A Bonds maturing February 1, 2022 through February 1, 2025, both inclusive.

“SLGS” shall mean United States Treasury Certificates of Indebtedness, Treasury Notes and Treasury Bonds -- State and Local Government Series.

“U.S. Obligations” shall mean the direct non-callable obligations of the United States of America including SLGS so named which are described in Schedule A attached hereto.

“Verification Report” shall mean the report of _____ of even date herewith directed to, among other parties, the City and the Escrow Agent.

“Written Request” with respect to the City shall mean a request in writing signed by an Authorized Officer of the City satisfactory to the Escrow Agent.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word “person” shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

ARTICLE II

ESTABLISHMENT OF FUNDS; FLOW OF FUNDS

Section 2.01 Creation of Escrow Deposit Fund and Accounts Therein; Directions to Escrow Agent; Representations of City. There is hereby created and established with the Escrow Agent a special, separate and irrevocable escrow fund (which shall contain the 2009 Advance Refunding Account and the 2010A Advance Refunding Account) for the benefit of the holders of the Refunded Bonds designated the Escrow Deposit Fund (the “Escrow Deposit Fund”) to be held in the custody of the Escrow Agent separate and apart from other funds of the City or of the Escrow Agent.

Concurrently with the execution of this Agreement, and upon receipt of the items described in the next paragraph, the City herewith directs the Escrow Agent to take the following actions:

1. Deposit the Deposited Amount in the Escrow Deposit Fund as follows:
 - (i) \$_____ in the 2009 Advance Refunding Account
 - (ii) \$_____ in the 2010A Advance Refunding Account
2. Purchase the U.S. Obligations for \$_____. \$_____ United States Treasury Securities to refund the Series 2009 Bonds for the 2009 Advance Refunding Account and \$_____ United States Treasury Securities for the advance refunding of the Series 2010A Bonds for the 2010A Advance Refunding Account.

Prior to taking the foregoing actions, the Escrow Agent shall have received the Verification Report.

The City warrants and represents to the Escrow Agent (i) that the Deposited Amount is sufficient to purchase the U.S. Obligations set forth in Schedule A hereto and (ii) that the principal and interest of U.S. Obligations and the Initial Cash Deposit described in Schedule A hereto will be sufficient to pay when due principal of, premium, if any, and interest on the Redemption Dates for the Refunded Bonds.

Section 2.02 Irrevocable Deposit; Express Lien. Amounts in the Escrow Deposit Fund shall constitute an irrevocable deposit, solely for the benefit of the holders of the Refunded Bonds, except as provided herein with respect to amendments permitted under Section 4.01 hereof. The holders of the Refunded Bonds shall have an express lien on principal of an interest on the U.S. Obligations and any moneys on deposit in the Escrow Deposit Fund until such proceeds are applied in accordance with Section 2.04 of this Agreement.

Section 2.03 Matters Related to Tax-Exemption of Refunded Bonds and 2015B Bonds.

The City hereby covenants and agrees that it will not request the Escrow Agent to exercise any of the powers described in this Agreement in any manner which would adversely affect the exclusion from gross income for Federal income tax purposes of the 2015B Bonds or the Refunded Bonds. The Escrow Agent has no responsibility for determining whether Section 148 of the Internal Revenue Code has been complied with. The Escrow Agent shall have no power or duty to invest, sell, transfer or otherwise dispose of the Deposited Amount or the Escrowed Amount (as hereinafter defined), or to make substitutions of the U.S. Obligations or to sell, transfer or otherwise dispose of the U.S. Obligations except as provided in this Agreement.

Section 2.04 Transfers from Escrow Deposit Fund. The principal of and interest on the U.S. Obligations and the Initial Cash Deposit (collectively, the “Escrowed Amount”) shall be held in an irrevocable escrow fund by the Escrow Agent, and shall be transferred in the necessary amounts and on the dates as set forth on Schedule B hereto, to the Paying Agent for the Refunded Bonds for the payment of the principal of, premium (if any), and interest on the Refunded Bonds as the same become due and payable.

The Resolutions for the Refunded Bonds provide that amounts paid by the Escrow Agent to the Paying Agent from the Escrow Deposit Fund shall be applied by such Paying Agent to the payment of all principal of, premium, if any, and interest on the Refunded Bonds for the equal and ratable benefit of the holders of the Refunded Bonds.

A portion of the investment income or earnings derived from the investment of the Deposited Amount may be transferred to the City upon receipt by the Escrow Agent of a written verification of an independent certified public accountant or a firm of independent certified public accountants and an opinion of bond counsel in form satisfactory to the Escrow Agent that subsequent to such transfer the Escrowed Amount remaining in the Escrow Deposit Fund are sufficient to pay when due the principal of, premium, if any, and interest on the Refunded Bonds.

Section 2.05 Funds and Accounts Constitute Irrevocable Escrow Fund. All the funds and accounts created and established pursuant to this Agreement for the Refunded Bonds shall be and constitute irrevocable escrow funds for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of the City and the Escrow Agent and used only for the purposes and in the manner provided in this Agreement.

Section 2.06 Transfer of Funds after all Payments Required by this Agreement are Made. After the final transfer by the Escrow Agent to the Paying Agents for the Refunded Bonds shall have been made pursuant to Section 2.04 hereof, all remaining moneys then held in the Escrow Deposit Fund shall be transferred to the City by the Escrow Agent;

provided, however, that no such transfer (except transfers of investment income or earnings on the U.S. Obligations made pursuant to Section 2.04 hereof) to the City shall be made until the Escrow Agent shall have received verification from the Paying Agent that it is in receipt of all the principal of, premium, if any, and interest due on the Refunded Bonds.

Section 2.07 Reports to be Submitted by Escrow Agent. The Escrow Agent shall deliver to the Treasurer or recorder of the City a copy of each document evidencing each transfer or transaction relating to the Escrow Deposit Fund, or a report of each transaction or transfer relating to the Escrow Deposit Fund, not less than every 30 days.

Section 2.08 Indemnity. The City hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature, specifically including consequential damages, which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the City or any other person under any other agreement or instrument, but without double indemnity) and in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Deposit Fund, the acceptance of the funds and securities deposited therein, the purchase of the U.S. Obligations, the retention of the U.S. Obligations, or the proceeds thereof, and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the City shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or intentional breach of the terms of this Agreement. In no event shall the City or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than as set forth in this section. The indemnities contained in this section shall survive the termination of this Agreement.

Section 2.09 Responsibilities of Escrow Agent. The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Deposit Fund, the acceptance of the moneys or securities deposited therein, the purchase of U.S. Obligations, the retention of the U.S. Obligations, or the proceeds thereof, the sufficiency of the U.S. Obligations to accomplish the defeasance of the Refunded Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the recitals herein shall be taken as the statements of the City, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the validity or sufficiency of this Agreement or as to the security afforded by this Agreement and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may

consult with counsel, who may or may not be counsel to the City, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an Authorized Officer.

In the event of the Escrow Agent's failure to account for any of the U.S. Obligations or the Initial Cash Deposit, including any investment income or earnings thereon, or moneys received by it, as a result of its negligence or willful misconduct, said U.S. Obligations, Initial Cash Deposit, or moneys shall be held in irrevocable escrow fund for the holders of the Refunded Bonds as herein provided, and if for any improper reason such U.S. Obligations, Initial Cash Deposit or moneys are not applied as herein provided, the Escrow Agent shall be liable for the amount thereof until the required application shall be made.

Section 2.10 Agreement to Notify Paying Agents to Call Refunded Bonds. The City hereby irrevocably instructs the Escrow Agent, and the Escrow Agent hereby agrees, in the name of the City, to take the following actions: (1) to give notice to _____, in its capacity as Paying Agent for the 2009 Refunded Bonds, to cause to be mailed not fewer than 30 days prior to November 1, 2018, a notice of redemption in substantially the same form as set forth in Schedule C-1 hereto, to the Depository Trust Company, or its successor, as the registered owner of each 2009 Refunded Bond, in accordance with the Series 2009 Bond Resolution; and (2) to give notice to _____, in its capacity as Paying Agent for such 2010A Refunded Bonds, to cause to be mailed not fewer than 30 days prior to February 1, 2018, a notice of redemption in substantially the same form as set forth in Schedule C-2 hereto, to The Depository Trust Company, or its successor, as the registered owner of each 2010A Refunded Bond, in accordance with the Series 2010A Resolution.

ARTICLE III

CONCERNING THE ESCROW AGENT

Section 3.01 Successor Escrow Agent. The Escrow Agent may resign at any time by notice in writing given to the City Finance Officer, or may be removed upon application by the owners of a majority in principal amount of the Refunded Bonds then outstanding or may be removed for cause by the City. The Escrow Agent hereby agrees that any notice of resignation given by it shall state that such resignation shall not take effect unless a successor Escrow Agent shall have been appointed by the holders of the Refunded Bonds or by the City as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

In the event the Escrow Agent shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the holders of a majority in principal amount of the Refunded Bonds then outstanding, by an instrument or concurrent

instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized in writing; provided, nevertheless, that in any such event, the City shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed in the manner above provided, and any such temporary Escrow Agent so appointed by the City shall immediately and without further act be superseded by the Escrow Agent so appointed.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holders or the City pursuant to the foregoing provisions of this Section within forty-five (45) days after written notice of resignation of the Escrow Agent has been given to the City, any holder of Refunded Bonds or any retiring Escrow Agent may apply to any court or competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation, located in the State of Tennessee, with trust powers organized under the banking laws of the United States or the State of Tennessee, and shall have at the time of appointment capital, surplus and undivided profits of not less than \$50,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the City, an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the City execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor; provided, however, that before any such delivery is required to be made, all fees, advances and expenses of the retiring or removed Escrow Agent shall be paid in full. Should any transfer, assignment or instrument in writing from the City be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instruments in writing shall, on request, be executed, acknowledged and delivered by the City.

Any corporation into which the Escrow Agent, or any successor to it in the irrevocable escrow fund created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which the Escrow Agent or any successor to it shall be a party shall, if approved in writing by the City, be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

ARTICLE IV

MISCELLANEOUS

Section 4.01 Amendments to this Agreement. This Agreement is made for the benefit of the City and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Agent and the City; provided, however, that the City and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Refunded Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Section 4.02 Substitution of Securities. Notwithstanding the foregoing or any other provisions of this Agreement, at the written request of the City and upon compliance with the conditions hereinafter stated, the Escrow Agent shall have the power to and shall, in simultaneous transactions, sell, transfer, otherwise dispose of or request the redemption of the U.S. Obligations held hereunder, and to substitute therefor direct obligations of the United States of America, which shall for all purposes of this Agreement be deemed to be U.S. Obligations, subject to the condition that, as evidenced by an accountant's certificate and opinion of bond counsel referenced to below, the moneys or principal amount of securities thereafter held by the Escrow Agent shall be sufficient to pay when due the principal of, premium, if any, and interest on the Refunded Bonds.

The City hereby covenants and agrees that it will not request the Escrow Agent to exercise any of the powers described in the preceding sentence in any manner which would adversely affect the exclusion from gross income for Federal income tax purposes of the interest on Refunded Bonds or on the 2015B Bonds. The Escrow Agent shall purchase such substituted securities with the proceeds derived from the maturity, sale, transfer, disposition or redemption of the U.S. Obligations held hereunder or from other moneys available. Such substitution of securities may be effected only if there shall have been obtained (i) a statement provided by an independent certified public accountant or a firm of certified public accountants (ii) an unqualified opinion of nationally recognized bond counsel, prior to any such substitution, that after any such substitution the principal amount of the substituted securities in such fund or funds

and other moneys to be held by the Escrow Agent will be sufficient to pay when due the principal of, premium, if any, and interest on the Refunded Bonds and (ii) an opinion from nationally recognized bond counsel addressed to the City and the Escrow Agent to the effect that the disposition and substitution or purchase of such securities complies with this Section and will not under current law cause the interest on the Refunded Bonds or on the Bonds to be included in gross income for Federal income taxation. Escrow Agent will not be liable for any losses created out of the purchase of such substituted securities with the proceeds derived from the maturity, sale, transfer, disposition or redemption of the U.S. Obligations

Any surplus moneys resulting from the sale, transfer, other disposition or redemption of the U.S. Obligations held hereunder and the substitutions therefor of direct obligations of the United States of America, shall be transferred to the City. Such transfer shall not be made by the Escrow Agent until a written verification of an independent certified public accountant or a firm of independent certified public accountants and an unqualified opinion of nationally recognized bond counsel is received by the Escrow Agent in form satisfactory to the Escrow Agent that, subsequent to such transfer the moneys and U.S. Obligations remaining in the Escrow Deposit Fund are sufficient to pay when due the principal of premium, if any, and interest on the Refunded Bonds.

Section 4.03 Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

Section 4.04 Agreement Binding. All the covenants, promises and agreements in this Agreement contained by or on behalf of the City or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 4.05 Termination. This Agreement shall terminate when all transfers and payments required to be made by the Escrow Agent under the provisions hereof shall have been made.

Section 4.06 Governing Law. This Agreement shall be governed by the applicable law of the State of Tennessee.

Section 4.07 Execution by Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Signature page follows.]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized officers and its corporate seal to be hereunto affixed and attested as of the date first above written.

CITY OF CHATTANOOGA, TENNESSEE

By: _____
City Finance Officer

_____,
as Escrow Agent

By: _____
Authorized Officer

SCHEDULE A

INVESTMENTS IN 2009 ADVANCE REFUNDING ACCOUNT

	Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
____, 2015:							

- (1) Deposited in 2009 Current Refunding Account
- (2) Deposited in 2010A Advance Refunding Account

SLGS Summary

SLGS Rates File
Total Certificates of Indebtedness
Total Notes

INVESTMENT IN 2010 ADVANCE REFUNDING ACCOUNT

	Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
____, 2015:							

SCHEDULE B

**PAYMENT REQUIREMENTS ON REFUNDED BONDS
2009 Refunded Bonds**

Period Ending	Interest	Principal Redeemed	Total
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2010 Refunded Bonds

Period Ending	Interest	Principal Redeemed	Total
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SCHEDULE C-1

NOTICE OF REDEMPTION

CITY OF CHATTANOOGA, TENNESSEE
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2009
MATURING _____

Notice is hereby given to the Owners of the outstanding General Obligation Bonds, Series 2009, (the “Bonds”), of the City of Chattanooga, Tennessee that said Bonds having the scheduled maturities listed hereinbelow, in the aggregate principal amount of \$18,160,000, will be called for redemption prior to maturity, on November 1, 2018, in accordance with their terms as set forth below, together with accrued interest and redemption premium thereon to November 1, 2018.

Maturity (November 1)	Principal Amount	Cusip No.	Redemption Price
			100%
			100%

The redemption price of and accrued interest on such Bonds shall become due and payable on November 1, 2018, and from and after November 1, 2018, interest on such Bonds shall cease to accrue and be payable.

There have been deposited with _____ (the “Escrow Agent”), pursuant to the provisions of an Escrow Agreement, dated as of October __, 2015, between the City and the Escrow Agent, certain governmental obligations (the “Securities”) and initial cash. The Securities will mature in amounts and bear interest sufficient, together with the initial cash, to meet principal and interest payments and redemption premiums on the Bonds on the date such payments are due.

All registered owners presenting Bonds for redemption must submit a completed Department of Treasury Internal Revenue Service Form W-9 with said Bonds. Failure to provide completed Form W-9 will result in backup withholding to bondholders. Copies of Form W-9 may be obtained from the Internal Revenue Service or such other location as Internal Revenue Service Forms are generally available.

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 corporate trust offices of the paying agent, _____.

Dated this ___ day of _____.

By: _____,
as Escrow Agent

SCHEDULE C-2

NOTICE OF REDEMPTION

**CITY OF CHATTANOOGA, TENNESSEE
GENERAL OBLIGATION BONDS, SERIES 2010A
MATURING _____**

Notice is hereby given to the Owners of the outstanding General Obligation Bonds, Series 2010A, (the "Bonds"), of the City of Chattanooga, Tennessee that said Bonds having the scheduled maturities listed hereinbelow, in the aggregate principal amount of \$1,340,000, will be called for redemption prior to maturity, on February 1, 2018, in accordance with their terms as set forth below, together with accrued interest and redemption premium thereon to _____.

Maturity (_____ 1)	Principal Amount	Cusip No.	Redemption Price
			100%
			100%
			100%
			100%
			100%
			100%
			100%
			100%
			100%

The redemption price of and accrued interest on such Bonds shall become due and payable on February 1, 2018, and from and after February 1, 2018, interest on such Bonds shall cease to accrue and be payable.

There have been deposited with _____ (the "Escrow Agent"), pursuant to the provisions of an Escrow Agreement, dated as of _____, 2015, between the City and the Escrow Agent, certain governmental obligations (the "Securities") and initial cash. The Securities will mature in amounts and bear interest sufficient, together with the initial cash, to meet principal and interest payments and redemption premiums on the Bonds on the date such payments are due.

All registered owners presenting Bonds for redemption must submit a completed Department of Treasury Internal Revenue Service Form W-9 with said Bonds. Failure to provide completed Form W-9 will result in backup withholding to bondholders. Copies of Form W-9 may be obtained from the Internal Revenue Service or such other location as Internal Revenue Service Forms are generally available.

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 corporate trust offices of the paying agent, _____.

Dated this ___ day of _____, 2018.

By: _____,
as Escrow Agent